



TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Bill Pease • Vice-President – Bryon Gutow • Director – Kevin Graves • Director – Robert Leete • Director – Bill Mayer

**NOTICE OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY**

Wednesday March 18, 2020

REGULAR MEETING 7:00 P.M.

Community Center

1601 Discovery Bay Boulevard, Discovery Bay, California

Website address: www.todb.ca.gov

NOTICE
Coronavirus COVID-19

In accordance with the Governor's Executive Order N-25-20 the Town of Discovery Bay Directors may be attending this regular meeting via teleconference. As required by Executive Order N-25-20, the Town's Community Center located at 1601 Discovery Bay Boulevard will be publicly accessible from which members of the public shall have the right to observe and offer public comment at this regular meeting.

TO ATTEND BY TELECONFERENCE:

Toll-Free Dial-In Number: (833) 759-9778

CONFERENCE ID **5152116#**

To view presentation content:

Go to <https://my.intercall.com/9tc7rcq>

Once connected to Unified Meeting:

Select – I Will Call

Click on Join Meeting

Presentation content is also available at www.todb.ca.gov/

REGULAR MEETING 7:00 P.M.

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 7:00 p.m.
2. Pledge of Allegiance.
3. Roll Call.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)

During Public Comments, the public may address the Board on any issue within the District's jurisdiction which is not on the Agenda. The public may comment on any item on the Agenda at the time the item is before the Board for consideration by filling out a comment form. The public will be called to comment in the order the comment forms are received. Any person wishing to speak must come up and speak from the podium and will have 3 minutes to make their comment. There is a device on the podium with a green, yellow, and red light. The yellow light will come on 30 seconds before the end of the 3 minutes. There will be no dialog between the Board and the commenter as the law strictly limits the ability of Board members to discuss matters not on the agenda. We ask that you refrain from personal attacks during comment, and that you address all comments to the Board only. Any clarifying questions from the Board must go through the President. Comments from the public do not necessarily reflect the view point of the Directors.

C. CONSENT CALENDAR

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approve DRAFT minutes of regular meeting for Board Meeting, March 4, 2020.
2. Approve DRAFT minutes of annual Board Workshop Meeting, March 5, 2020.
3. Adopt Resolution No. 2020-04 ordering HERWIT Engineering to prepare the 2020-2021 Annual Assessment Report for the Ravenswood Improvement District, Discovery Bay Landscape & Lighting Zone #9.
4. Approve Register of District Invoices.

D. PRESENTATIONS

1. Presentation by Brandis Tallman on Financing of Current and Future Capital Projects.
2. Presentation by Lechowicz & Tseng Municipal Consultants detailing the District's Proposed Water and Wastewater Rate Studies for Fiscal Years 2020 through 2025.

E. MONTHLY WATER AND WASTEWATER REPORT – VEOLIA

1. Presentation Cancelled

F. BUSINESS AND ACTION ITEMS

1. Discussion and Possible Action to Accept Audited Financial Statements for Fiscal Year 2018-2019.
2. Discussion and Possible Action to Authorize the General Manager to Purchase Playground Equipment for Ravenswood Park in an Amount Not to Exceed \$98,853.90.

G. DIRECTORS' REPORTS

1. Standing Committee Reports.
2. Other Reportable Items.

H. MANAGER'S REPORT

I. GENERAL MANAGER'S REPORT

1. Update on Novel Coronavirus (COVID-19)

J. CORRESPONDENCE RECEIVED

1. CCSDA January 27 Meeting Minutes

K. FUTURE AGENDA ITEMS

L. ADJOURNMENT

1. Adjourn to the regular meeting on April 1, 2020 beginning at 7:00 p.m. at the Community Center located at 1601 Discovery Bay Boulevard.

"This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the American with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Town of Discovery Bay, at (925) 634-1131, during regular business hours, at least forty-eight hours prior to the time of the meeting."

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NOTICE OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS MINUTES OF THE TOWN OF DISCOVERY BAY

Wednesday March 4, 2020

REGULAR MEETING 7:00 P.M.

Community Center

1601 Discovery Bay Boulevard, Discovery Bay, California

Website address: www.todb.ca.gov

REGULAR MEETING 7:00 P.M.

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 7:00 p.m. by President Pease.
2. Pledge of Allegiance. Led by President Pease.
3. Roll Call. – All Present.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)

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C. CONSENT CALENDAR

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approve DRAFT minutes of regular meeting for February 19, 2020. – Approved.
2. Approve Register of District Invoices. – Approved.
3. Approve 2020 Program, Activities, and Event Fee Waivers. – Approved.
4. Approve 2020 Parks and Recreation Public Event Calendar. – Approved.
5. Accept \$6000 Donation from Veolia North America to the Community Center. – Approved.
6. Authorize Board President to Sign Letter to Superintendent Burgis Regarding Fence Ordinance. – Approved.

Motion by: Director Leete

Second by: Director Graves

Vote: Motion Carried – AYES: 5, NOES: 0, ABSTAINED: 0, ABSENT: 0

D. AREA AGENCIES REPORTS / PRESENTATION

1. Supervisor Diane Burgis, District III Report- Representative from the office of Supervisor Burgis was not present.
2. Sheriff's Office Report- Lieutenant Mark Johnson provided report of local violations and arrests. Lieutenant Johnson indicated that local agencies have teamed up to provide more coordinated public service to the community. Advised of increased presence at Sandy Cove Shopping Center due to increased robberies. License plate reader installed has resulted in two arrests. (Additional Material

Provided)

3. CHP Report. Officer Thomas spoke of enforcement stops. Stated that on average there are between seven to ten DUI stops per month.
4. East Contra Costa Fire Protection District Report. East Contra Costa Fire Department Fire Marshall Steve Aubert provided report of the amount of calls taken in the month of February 2020. Relayed that call response time is averaging 10:05 minutes. Fire Marshall Aubert also talked about fire hazards and reminded us that fire threats are still an issue. Two fire inspectors have been hired. Also, we now have a technician with the Fire Prevention Bureau.

E. LIAISON REPORTS

None

F. PRESENTATIONS

None

G. BUSINESS AND ACTION ITEMS

1. Discussion and Possible Action Regarding Amendment to the Emergency Spending Clause in the Purchasing and Procurement Policy. Motion to Approve- Director Leete, Second by Vice President Gutow.
AYES: 5, NOES: 0
2. Discussion and Possible Action Regarding Amendment to the Disposition of Surplus Property Policy. Motion to Approve- Director Leete, Second by Director Graves and Director Mayer.
AYES: 5, NOES: 0

H. MANAGER'S REPORT

None

I. DIRECTORS' REPORTS

1. Standing Committee Reports.
 - a. Communications Committee Meeting (Committee Members Bill Pease and Bryon Gutow) March 4, 2020. Vice President Gutow spoke of discussion regarding todb.ca.gov webpage and reported activity. Also spoke of savings in changing town's phone system
 - b. Parks and Recreation Committee Meeting (Committee Members Kevin Graves and Bryon Gutow) March 4, 2020. Director Graves updated town of meeting with Landscape Manager Bill Engelman regarding areas of the town that have been neglected and maintenance that has been deferred for too long. Plan is in place to begin work on the mentioned areas in order of priority.
 - c. Water and Wastewater Committee Meeting (Committee Members Bill Pease and Bill Mayer) March 4, 2020. Director Mayer spoke of rate study and CEQA updates.
2. Other Reportable Items.

J. GENERAL MANAGER'S REPORT

None

K. CORRESPONDENCE RECEIVED (Information Only)

None

L. FUTURE AGENDA ITEMS

None

M. ADJOURNMENT

1. Meeting was adjourned at 7:26 p.m. to the next regular meeting of March 18, 2020 beginning at 7:00 p.m. at the Community Center located at 1601 Discovery Bay Boulevard.

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TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Bill Pease • Vice-President – Bryon Gutow • Director – Kevin Graves • Director – Robert Leete • Director – Bill Mayer

**NOTICE, CALL, AND AGENDA
OF THE SPECIAL ANNUAL BOARD PLANNING MEETING MINUTES
OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY
THURSDAY, MARCH 5, 2020
SPECIAL BOARD PLANNING MEETING – 4:00 P.M.
Community Center
1601 Discovery Bay Boulevard, Discovery Bay, California
Website address: www.todb.ca.gov**

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 4:00 p.m. By
2. Roll Call. All Present, Except Vice President Gutow, Water and Wastewater Manager Goldsworthy.

B. PUBLIC COMMENTS (Public Comments will be limited to a 3-minute time limit)

During Public Comments, the public may address the Board on any issue within the District's jurisdiction which is not on the Agenda. The public may comment on any item on the Agenda at the time the item is before the Board for consideration by filling out a comment form. The public will be called to comment in the order the comment forms are received. Any person wishing to speak must come up and speak from the podium and will have 3 minutes to make their comment. There is a device on the podium with a green, yellow, and red light. The yellow light will come on 30 seconds before the end of the 3 minutes. There will be no dialog between the Board and the commenter as the law strictly limits the ability of Board members to discuss matters not on the agenda. We ask that you refrain from personal attacks during comment, and that you address all comments to the Board only. Any clarifying questions from the Board must go through the President. Comments from the public do not necessarily reflect the view point of the Directors.

C. PLANNING DISCUSSION ITEMS

1. Review of Mission, Vision, Values and Goals. General Manager, Mike Davies reviewed our principles.
2. Looking Back 2019 Year Review. General Manager, Mike Davies reviewed accomplishments by quarter for calendar year 2019.
 - a. Primary Issues- A quarterly review was done for a lengthy list of projects and actions taken in 2019.
 - b. Accomplishments- In calendar year 2019, the Town of Discovery Bay saw many improvements in several areas. General Manager Davies touched on progress. Also, completed projects were mentioned. Project Manager Berney Sadler provided update on Water and Wastewater matters.
3. Looking Forward 2020
 - a. Key Issues and Projects- General Manager Mike Davies and Assistant General Manager Dina Breitstein collaborated to discuss upcoming objectives projected for calendar year 2020. Finance Manager, Julie Carter provided information regarding treasury funds.
 - b. Key Planning Efforts- Looking ahead, General Manager Davies states focus will be in Water and Wastewater improvements as well as landscaping tasks. Among other jobs of much importance, essential issues include Well No. 8, Treasury Funds and possible relocation of Town's public building.

D. PRESENTATIONS

1. Board Workshop 2020 PowerPoint

E. ADJOURNMENT

Meeting was adjourned at 4:59 to the next Regular meeting on March 18, 2020 beginning at 7:00 p.m. at the Community Center.

"This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the American with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Town of Discovery Bay, at (925) 634-1131, during regular business hours, at least forty-eight hours prior to the time of the meeting."

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DRAFT



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 18, 2020

Prepared By: Julie Carter, Finance Manager
Submitted By: Mike Davies, General Manager *MPD*

Agenda Title

Direction to HERWIT Engineering to prepare the 2020-2021 Annual Assessment Report for the Ravenswood Improvement District, Discovery Bay Landscape & Lighting Zone #9 by Resolution No. 2020-04.

Recommended Action

Adopt Resolution No. 2020-04 authorizing the Assessment review of the Ravenswood Improvement District Landscape and Lighting Zone #9, and direct Herwit Engineering to prepare the Engineer's Assessment Report.

Executive Summary

As part of the annual assessment process for the Ravenswood Improvement District – Discovery Bay Landscape and Lighting Zone #9, the Board must approve and direct an Engineer's Assessment Report be prepared. This approval must be by Resolution.

Since its inception, the Engineer's assessment reports have been drafted and prepared by HERWIT Engineering (HERWIT). Due to their in-depth knowledge of the zone and access to historical data, staff recommends approving Resolution 2020-04, which directs HERWIT to prepare the 2020-2021 Annual Assessment Report for Ravenswood Improvement District – Discovery Bay Landscape and Lighting Zone #9.

HERWIT Engineering would perform this work under the current contract with the Town for an amount not to exceed \$1800.00

Fiscal Impact:

Amount Requested \$1800
Sufficient Budgeted Funds Available?: YES
Prog/Fund # 9/2310 Category: Operating Expenses

Previous Relevant Board Actions for This Item

None

Attachments

Resolution 2020-04

AGENDA ITEM: C-3



**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

RESOLUTION 2020-04

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY,
A CALIFORNIA COMMUNITY SERVICES DISTRICT,
REGARDING THE ANNUAL ASSESSMENT
OF THE RAVENSWOOD IMPROVEMENT DISTRICT
LANDSCAPE AND LIGHTING ZONE #9**

WHEREAS, the Board of Directors of the Town of Discovery Bay CSD, pursuant to a will-serve letter with the developer of that subdivision known as Ravenswood, has formed a landscaping, park, lighting and open space district, known as Ravenswood Improvement District — DB L&L Zone #9, for the purpose of providing for the operation and maintenance of landscaping, parks, street lights and open space installed in said subdivision by developer; and

WHEREAS, the Board of Directors now desires to levy the annual assessment for Fiscal Year 2020-2021 for such district.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TOWN OF DISCOVERY BAY DOES HEREBY RESOLVE AS FOLLOWS:

1. The Board of Directors of the Town of Discovery Bay Community Services District, in an effort to deter crime, provide traffic safety, aid law enforcement, and provide a better neighborhood environment has formed an assessment district pursuant to California Streets & Highway Code, Division 15, Part 2, sections 22500 and following, pursuant to Resolution 2005-03.
2. The improvements, the operation and maintenance of which are intended to be funded by the assessments levied by the proposed assessment district, include all expenses associated with the maintenance and operation of non-privately owned landscaping, parks, street lights, and open space in the subdivision 8710 known as Ravenswood.
3. The assessment district consists of that property generally described as Subdivision 8710-Ravenswood being a subdivision of a portion of the Northwest quarter of Section 26, Township 1 North, Range 3 East, Mount Diablo Meridian as recorded in Book 458 of Maps, Pages 1-15, Contra Costa County Records.
4. HERWIT Engineering is hereby ordered to prepare a report for annual assessment for the assessment district in accordance with Article 4, of Chapter 1, of Part 2, of Division 15 (commencing with § 22565), of the California Streets and Highways Code, and to file it with the Secretary of the Board of Directors of the Town of Discovery Bay Community Services District.
5. The Board Secretary shall certify the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED THIS 18th DAY OF March 2020.

Bill Pease
Board President

I hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the Town of Discovery Bay Community Services District at this regular meeting held on March 18, 2020, by the following vote of the Board:

AYES: NOES: ABSENT: ABSTAIN:

Michael R. Davies
Board Secretary



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 18, 2020

Prepared By: Julie Carter, Finance Manager & Lesley Marable, Accountant
Submitted By: Michael R. Davies, General Manager *MRD*

Agenda Title

Approve Register of District Invoices.

Recommended Action

Staff recommends that the Board approve the listed invoices for payment.

Executive Summary

District invoices are paid on a regular basis, and must obtain Board authorization prior to payment. Staff recommends Board authorization in order that the District can continue to pay warrants in a timely manner.

Fiscal Impact:

Amount Requested \$ 311,959.57

Sufficient Budgeted Funds Available?: Yes (If no, see attached fiscal analysis)

Prog/Fund # See listing of invoices. **Category:** Operating Expenses and Capital Improvements

Previous Relevant Board Actions for This Item

Attachments

Request For Authorization to Pay Invoices for the Town of Discovery Bay CSD 2019/2020

AGENDA ITEM: C-4

For The Meeting On March 18, 2020
Town of Discovery Bay CSD
Fiscal Year 7/19 - 6/20

Veolia Water North America	\$138,248.14
Herwit Engineering	\$34,794.40
Bill Brandt Ford	\$26,910.73
Discovery Bay River Otters Booster Club	\$21,500.00
J.W. Backhoe & Construction, Inc.	\$20,494.14
CaliforniaChoice Benefit Admin	\$17,271.99
Badger Meter	\$9,733.67
U.S. Bank Corporate Payment System	\$9,411.92
Lechowicz & Tseng Municipal Consultants	\$6,759.59
City Of Brentwood	\$5,753.14
Stantec Consulting Services Inc	\$2,867.50
Freedom Mailing Service, Inc	\$2,811.75
Belkorp AG	\$1,515.14
SDRMA	\$1,317.50
Karina Dugand	\$1,317.00
Paul E. Vaz Trucking, Inc.	\$1,130.15
Matrix Trust	\$1,073.83
Denise Williams-Karbowski	\$791.00
Mt. Diablo Resource Recovery	\$789.56
Verizon Wireless	\$785.41
SWRCB	\$624.00
Robert Leete	\$575.00
William Mayer	\$575.00
Watersavers Irrigation Inc.	\$545.47
Univar Solutions USA Inc.	\$539.76
County Of Contra Costa, Dept of Info Tec	\$439.50
Discovery Bay Designs	\$363.88
Bill Pease	\$345.00
Kevin Graves	\$345.00
Zee Medical Service Company	\$326.86
ReliaStar Life Insurance Company	\$325.00
Bryon Gutow	\$230.00
Quadient Leasing USA, Inc.	\$214.58
Bailey Bautista	\$202.30
Brentwood Ace Hardware	\$195.56
UniFirst Corporation	\$172.95
Pacific Gas & Electric	\$150.78
Department of Justice	\$128.00
Water Utility Customer	\$99.00
Bay Area News Group	\$83.70
Office Depot	\$74.87
Discovery Pest Control	\$70.00
William Engelman	\$56.80

\$311,959.57



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 18, 2020

Prepared By: Dina Breitstein, Assistant General Manager
Submitted By: Michael R. Davies, General Manager

Agenda Title

Presentation by Brandis Tallman on Financing of Current and Future Capital Projects.

Recommended Action

Receive presentation for future consideration.

Executive Summary

Brandis Tallman was the Bond Underwriter for the District's Water and Wastewater Bond issued in April 2017. From time to time, their underwriting team reaches out to the District to discuss current market trends for future financing options as well as reviewing the District's current Bonds.

On March 9, 2020, Nicki Tallman and Rick Brandis presented current market trends to the Finance Committee. The committee asked them to propose and present these trends and refunding opportunities at the Board of Directors meeting on March 18, 2020. The presentation will include current market trends, refinancing options for the District's 2012 Bond, and financing options for current and future water and wastewater capital projects.

Fiscal Impact:

Amount Requested

Sufficient Budgeted Funds Available? (If no, see attached fiscal analysis)

Prog/Fund # Category:

Previous Relevant Board Actions for This Item

Attachments;

Refunding of 2012 Powerpoint Presentation

AGENDA ITEM: D-1



TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
Refinancing of 2012 Bonds and New Project Financing Options
Board Meeting of March 18, 2020



Introduction

A full-service investment banking firm that provides bond underwriting and direct placements for California public agencies

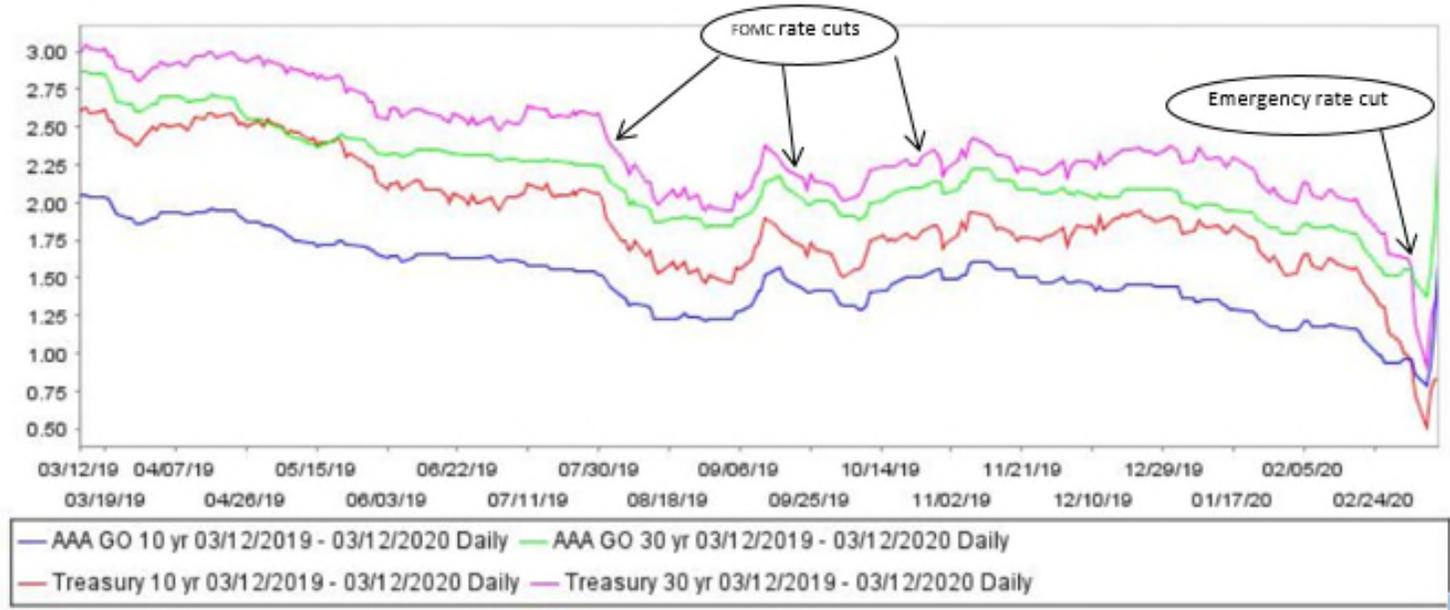
Familiar with the Town of Discovery Bay Community Services District (the "District"), having underwritten the District's Enterprise Revenue Bonds, Series 2017

Prominent member of the California Special Districts Association Finance Corporation consulting team, specializing in serving small to medium sized issuers

The District's Outstanding Debt

Bond Issuance	Outstanding Par Amount	Interest Rate Range	Final Maturity	Call Provision	Notes
Enterprise Revenue Bonds, Series 2017 (Water and Wastewater Projects) \$8,825,000 Dated: April 19, 2017	\$8,435,000	4.00%	12/1/47	Any date on or after 12/1/27 at par	-AA Rated (UL) -No reserve fund -Rate covenant and ABT of 125% -Financed improvements to water and wastewater enterprise -89% Wastewater and 11% Water
Series 2012 Enterprise Revenue Bonds (Water and Wastewater Projects) \$14,150,000 Dated: August 28, 2012	\$12,005,000	4.00%-5.00%	12/1/42	Any date on or after 12/1/22 at par	-AA Rated (UL) -Surety policy -Rate covenant and ABT of 125% -Financed improvements to water and wastewater enterprise -89% Wastewater and 11% Water

Current Market Trends



10-year MMD Yields

3/12/2020 close: 1.61%

52-week High: 2.05% - March 14, 2019

52-week Low: 0.78% - March 9, 2020*

10-year Treasury Yields

3/12/2020 close: 0.84%

52-week High: 2.63% - March 14, 2019

52-week Low: 0.51% - March 9, 2020*

30-year MMD Yields

3/12/2020 close: 2.32%

52-week High: 2.87% - March 14, 2019

52-week Low: 1.38% - March 9, 2020*

30-year Treasury Yields

3/12/2020 close: 1.40%

52-week High: 3.05% - March 14, 2019

52-week Low: 0.94% - March 9, 2020*

*all-time low

Refunding Opportunity: Series 2012 Enterprise Revenue Bonds

- Series 2012 Enterprise Revenue Bonds (the “2012 Bonds”) were issued on August 28, 2012 in the original amount of \$14,150,000
- Financed the acquisition and construction of improvements to the wastewater and water system
- Secured by net revenues of the water and wastewater enterprise systems (approx. 89% wastewater, 11% water)
- Underlying rating upgraded to AA in April of 2016
- Surety policy that satisfies reserve requirement
- Not callable until December 1, 2022, however can be refunded now with a taxable bond issuance
- Tax Cuts and Jobs Act of 2017 eliminated tax-exempt advance refundings (advance refundings occur when bonds are refunded more than 90 days from their call date)

Summary of Refinancing Analysis

2020 Enterprise Revenue Refunding Bonds

Assumes AA Underling Rating, No Insurance, No Reserve Fund

Par Amount	\$13,185,000
Arbitrage Yield	2.85%
All-In True Interest Cost	3.05%
Final Maturity	12/1/2042
Average Fiscal Year Savings	\$43,224
Total Savings	\$994,160
Net Present Value Savings	\$722,114
Net Present Value Savings %	6.02%

Notes:

- Assumes closing date of June 1, 2020 and a call date of December 1, 2022. Interest rates may change due to market conditions ahead of pricing.
- Costs of Issuance are included in the results. Costs of Issuance are estimated to be \$266,000, which includes bond and disclosure counsel, municipal advisor, underwriter's discount, rating, trustee, and printing/miscellaneous.

Alternative Refinancing Option

- Alternatively, the District could hold off on the refunding for now and wait until the 2012 Bonds can be refunded with a tax-exempt issuance.
- Under this option, a refunding would not be able to close until September 2, 2022 (within 90 days of the December 1, 2022 call date).
- This would allow the refinancing to be tax-exempt, but creates risk that interest rates rise between now and September of 2022.
- Interest rate sensitivity analysis shows that if interest rates increase more than **125 basis points** between now and a 2022 bond pricing, the District would have better savings with a taxable refunding now.
 - Sensitivity analysis takes into account the difference between taxable and tax-exempt interest rates.

New Projects Financing

- When considering a bond refinancing, it is often prudent to consider any additional financing needs. Combining a refinancing with a new money bond issuance produces economies of scale, which means the costs of issuance are reduced when multiple financings are combined
- The District has upcoming projects that may require financing to both the water and wastewater enterprise systems
- Combining the financing of any of these projects with a refunding of the 2012 Bonds will reduce costs of issuance and lock in today's low interest rate environment
- Projects for which 85% of bond proceeds are expected to be spent within three years can be financed with a tax-exempt bond issuance. Projects for which 85% of bond proceeds will not be spent in three years can still be financed now, but as a taxable bond issuance

New Projects for the Wastewater System

	\$5 Million Project Tax-Exempt	\$7.5 Million Project Tax-Exempt	\$10 Million Project Tax-Exempt
Par Amount	\$4,375,000	\$6,520,000	\$8,655,000
Arbitrage Yield	1.88%	1.88%	1.88%
All-In True Interest Cost	2.95%	2.90%	2.87%
Final Maturity	12/1/2050	12/1/2050	12/1/2050
Average Fiscal Year Debt Service	\$251,013	\$373,860	\$496,133
Total Debt Service	\$7,652,900	\$11,401,200	\$15,132,100

Notes:

- Assumes closing date of June 1. Interest rates subject to change prior to pricing.
- Costs of Issuance are included in the results. Costs of Issuance are estimated to be \$177,000 for the \$5 million project scenario, \$213,000 for the \$7.5 million project scenario, and \$239,000 for the \$10 million project scenario, which includes bond and disclosure counsel, municipal advisor, underwriter's discount, rating, trustee, and printing/miscellaneous. These amounts will decrease if combined with the refunding of the 2012 Bonds or the financing of water system projects.

New Projects for the Water System

	\$4 Million Project Fully Tax-Exempt	\$8 Million Project Half Tax-Exempt, Half Taxable
Par Amount	\$3,515,000	\$7,595,000
Arbitrage Yield	1.84%	2.71%
All-In True Interest Cost	2.98%	3.30%
Final Maturity	12/1/2050	12/1/2050
Average Fiscal Year Debt Service	\$201,340	\$420,057
Total Debt Service	\$6,140,500	\$12,812,805

Notes:

- Assumes closing date of June 1. Interest rates subject to change prior to pricing.
- Costs of Issuance are included in the results. Costs of Issuance are estimated to be \$172,000 for the \$4 million project scenario, and \$223,000 for the \$8 million project scenario, which includes bond and disclosure counsel, municipal advisor, underwriter's discount, rating, trustee, and printing/miscellaneous. These amounts will decrease if combined with the refunding of the 2012 Bonds or the financing of wastewater system projects.

Questions?



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 18, 2020

Prepared By: Dina Breitstein, Assistant General Manager
Submitted By: Michael R. Davies, General Manager *MRD*

Agenda Title

Presentation by Lechowicz & Tseng Municipal Consultants detailing the District's Proposed Water and Wastewater Rate Studies for Fiscal Years 2020 through 2025.

Recommended Action

Consider the proposed rate studies for a decision and approval at the April 1, 2020 Board of Directors' meeting for the water and wastewater enterprises.

Executive Summary

At the November 6, 2019 Board of Directors' meeting the District approved the contract with Lechowicz & Tseng Municipal Consultants to conduct the Water and Wastewater Enterprise Rate Studies.

On February 24, 2020, at the Special Finance Committee meeting Alison Lechowicz presented the various options for the water and wastewater enterprises. The Finance Committee made some option recommendations and requested that they be presented at the March 18, 2020 Board of Directors' Meeting.

Alison Lechowicz of Lechowicz & Tseng Municipal Consultants will be presenting to the Board of Directors the various rate options for the Districts Water and Wastewater enterprises. These options are to be considered for a decision at the April 1, 2020 Board of Directors meeting. The decision requested is to approve the rate increase for water and wastewater divisions over the next five years beginning July 2020 through June 2025. The Proposition 218 mailer will also be presented for approval for mailing to all District residents on April 17, 2020.

Fiscal Impact:

Amount Requested

Sufficient Budgeted Funds Available? (If no, see attached fiscal analysis)

Prog/Fund # Category:

Previous Relevant Board Actions for This Item

Attachments;

Lechowicz & Tseng Municipal Consultants Presentation
Draft Water Rates
Draft Sewer Rates
Bill Survey

AGENDA ITEM: D-3

Town of Discovery Bay CSD

Water and Wastewater Rate Study



March 18, 2020



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

Alison Lechowicz
Project Manager



Background

- Water and sewer rates are subject to Proposition 218
 - Rates must be based on the reasonable cost of service
 - Rates must proportionally recover costs based on how customers take service
 - Covers rates over a maximum 5-year period
 - Procedural requirements: conduct a rate study, mail a notice to property owners, hold a hearing a minimum of 45 days later, protest vote

- Water and sewer utilities are enterprise funds



Rate Study Goals

- Update the cost of service
- Collect sufficient funds to cover:
 - Operations
 - Debt obligations
 - Repair and replacement of infrastructure
 - Funding of reserves for emergencies
- Meet legal requirements
 - Prop 218
 - Water conservation requirements
- New rates effective July 1



Current Financial Position

- Water Fund
 - Transition to metered service in 2017
 - Reserves of about \$2.7 million
- Sewer Fund
 - Reserves of about \$8.3 million
- 2012 and 2017 Outstanding Bonds
- Both utilities have capacity to take on new debt and/or cash fund new projects



Water Capital Projects

- Funding Capital Improvement Plan will drive rate increases
- Town expects to fund \$12 million total through FY2024/25

Project Categories	6-Year Total	% of Total
Pipeline Replacements	5,479,600	45%
Water Supply Capacity (Well 8)	4,774,800	40%
Existing Water Supply	1,299,900	11%
Master Plans	324,500	3%
Admin Projects	128,000	1%
Additional Distribution	<u>52,300</u>	<u>0%</u>
Total Projects	12,059,100	100%



Water Project Funding

- Range of options from no debt to \$8M in debt financing
- All options use \$1.7M in current, available operating reserves
- All options maintain an emergency reserve of \$1.2M and 4 months of operating costs
- All options maintain a debt coverage ratio greater than 1.25 times the annual payment (typical threshold)
- The benefit of debt is that it spreads the cost of long-lived infrastructure over its useful life and results in lower utility bills in the near-term
- The disadvantage of debt is higher total project cost (interest costs, debt issuance costs, etc.)



Water Revenue Impacts

System Average Annual Rate Revenue Increases

(total increase to rate revenues; the rates of individual customers will vary based on changes to rate design)

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+20%	+15%	+1%	+1%	+1%
#2: \$4M debt	+4.75%	+4.75%	+4.75%	+4.75%	+4.75%
#3: \$8M debt	+1%	+1%	+1%	+1%	+1%

Cumulative Rate Revenue Increases

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+20.0%	+38.0%	+39.4%	+40.8%	+42.2%
#2: \$4M debt	+4.75%	+9.7%	+14.9%	+20.4%	+26.1%
#3: \$8M debt	+1.00%	+2.01%	+3.03%	+4.06%	+5.10%

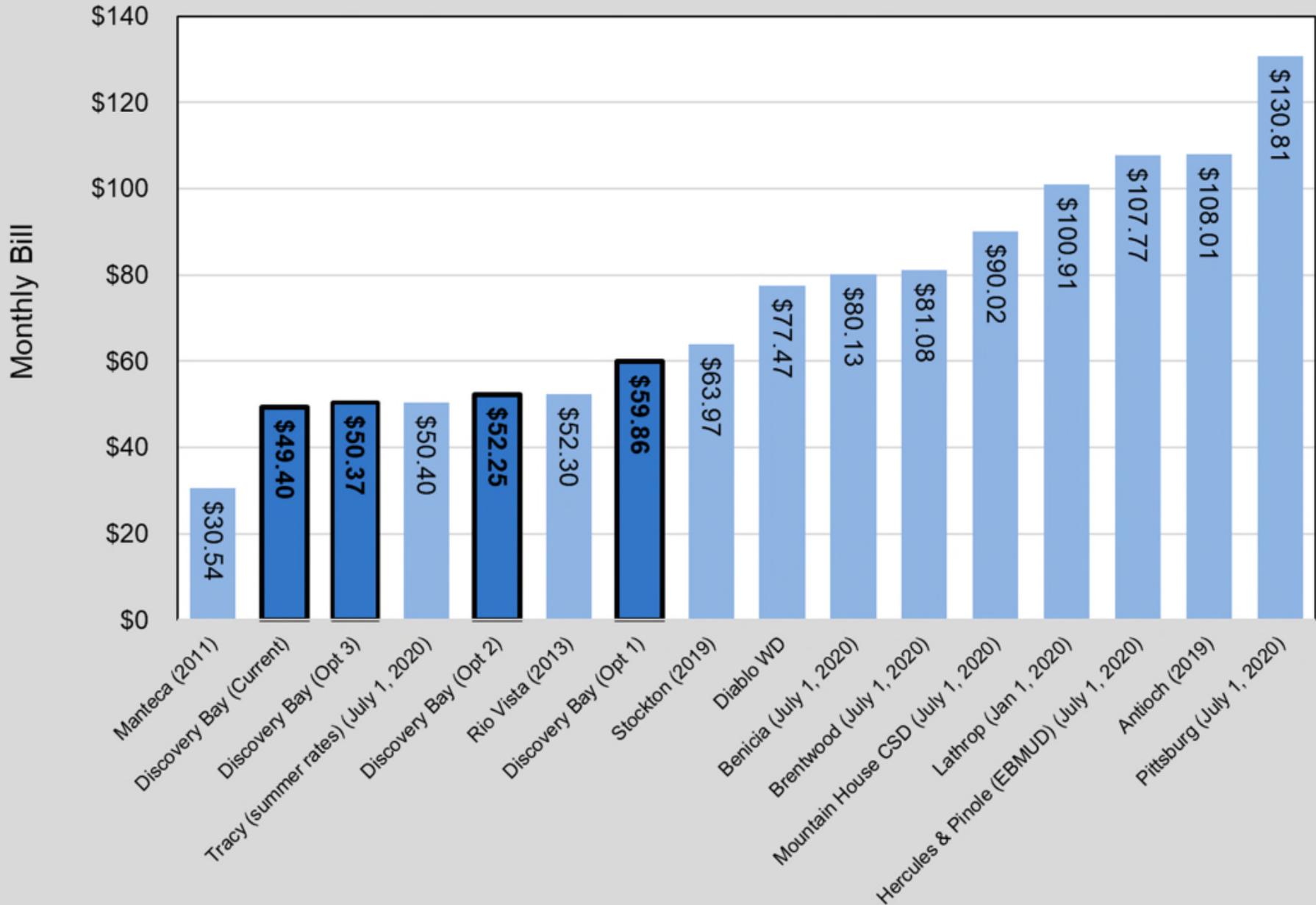


Water Rate Impacts

- Proposed rates reflect the financing options
- Rates also reflect slight water conservation of 1 ccf/month for the typical single family customers over the next 5 years
- Not every customer will receive exactly the same % rate change due to cost allocation results (i.e. recovery of costs through fixed and volume rates)
- Typical bill of a residential customer – 1” meter and 13 ccf/month

Option	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	\$49.40	\$59.86	\$69.44	\$70.56	\$71.82	\$73.48
#2: \$4M debt	\$49.40	\$52.25	\$55.22	\$58.19	\$61.44	\$65.19
#3: \$8M debt	\$49.40	\$50.37	\$51.33	\$52.15	\$53.09	\$54.33

Single Family Residential Water Bill Survey (1" meter, 13 ccf monthly use)





Wastewater Fund Capital Projects

- Town expects to fund \$17.4 million total through FY2024/25

Project Categories	6-Year Total	% of Total
Denitrification	9,554,700	55%
WWTP Plant 1 Refurbishment	4,473,300	26%
Additional Projects and Maint.	1,391,800	8%
Other Master Plan Projects	622,200	4%
Clarifier Rehab	505,800	3%
Lift Stations	366,700	2%
Mainline Piping Replacement	281,400	2%
Administrative Projects	<u>181,400</u>	<u>1%</u>
Total Projects	17,377,300	100%



Wastewater Project Funding

- Range of options from no debt to \$10M in debt financing
- All options use \$3.5M in current, available operating reserves
- All options maintain an emergency reserve of \$1.8M and 4 months of operating costs
- All options maintain a debt coverage ratio greater than 1.25 times the annual payment (typical threshold)



Wastewater Revenue Impacts

System Average Annual Rate Revenue Increases

(total increase to rate revenues; the rates of individual customers will vary based on changes to rate design)

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+13%	+13%	+2%	+2%	+2%
#2: \$5M debt	+2%	+2%	+2%	+2%	+2%
#3: \$7.5M debt	+1.8%	+1.8%	+1.8%	+1.8%	+1.8%
#4: \$10M debt	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%

Cumulative Rate Revenue Increases

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+13%	+27.7%	+30.2%	+32.8%	+35.5%
#2: \$5M debt	+2%	+4.0%	+6.1%	+8.2%	+10.4%
#3: \$7.5M debt	+1.8%	+3.6%	+5.5%	+7.4%	+9.3%
#4: \$10M debt	+1.5	+3.0	+4.6%	+6.1%	+7.7%

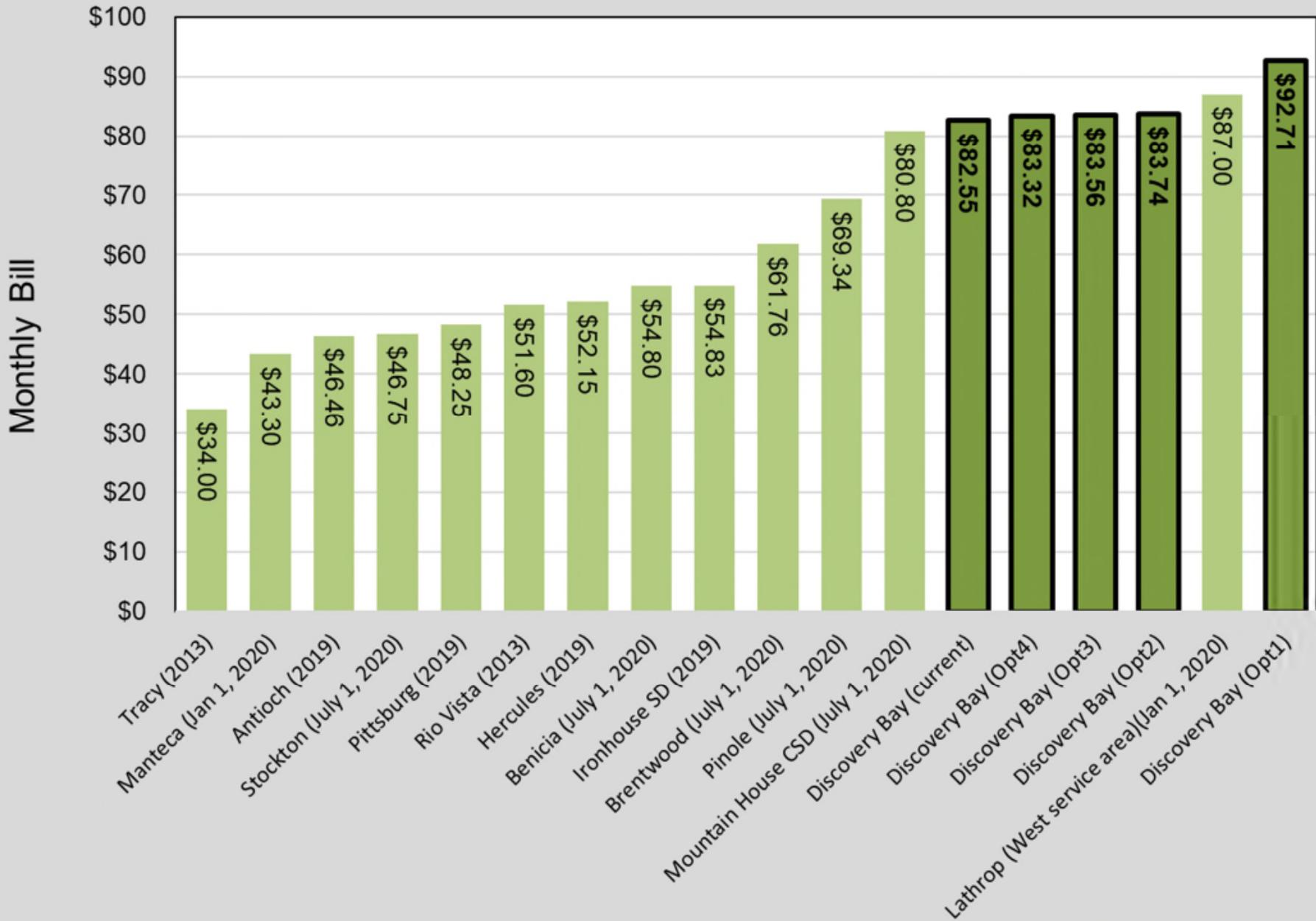


Water Rate Impacts

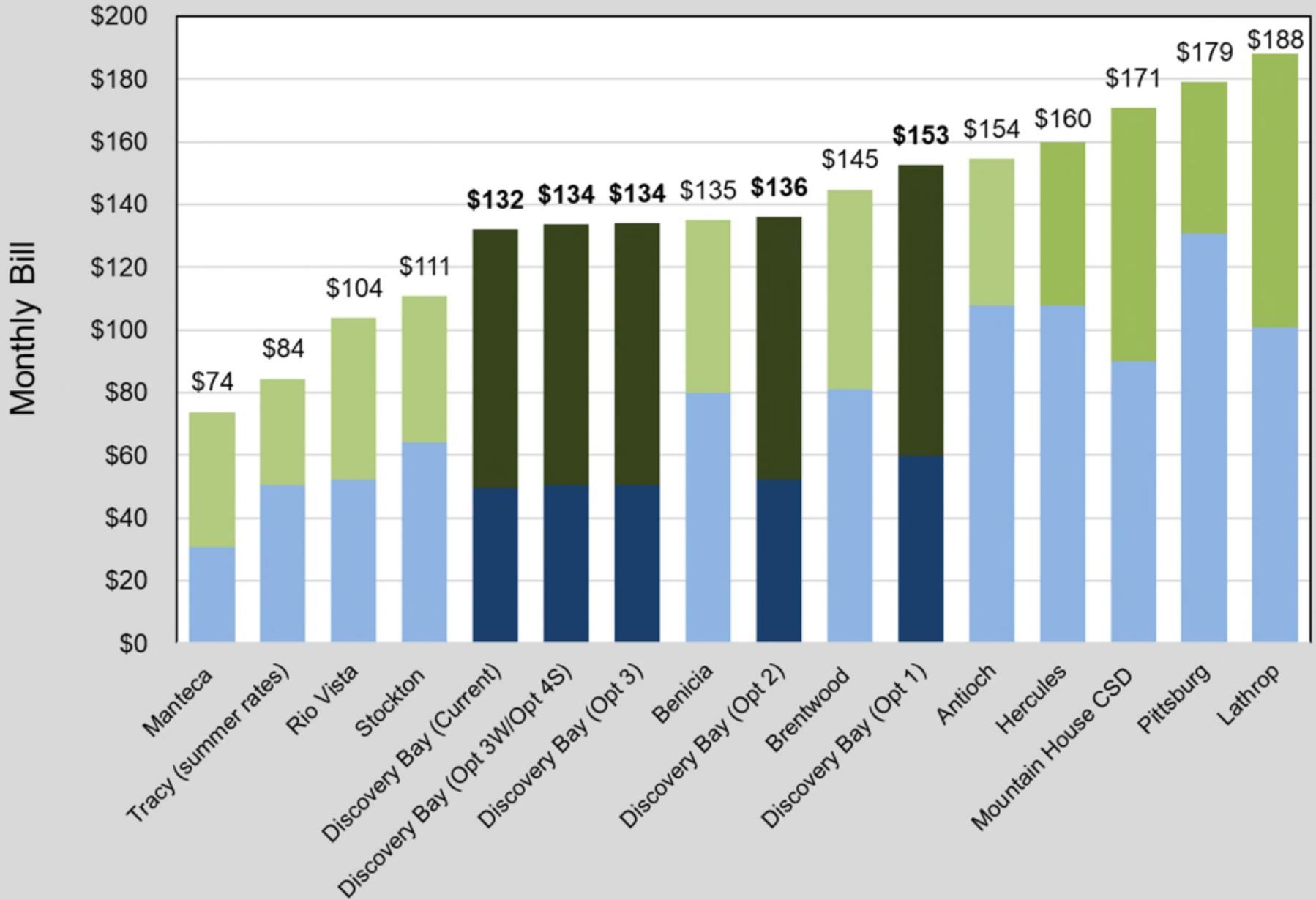
- Proposed rates reflect the financing options selected
- Rates also reflect new sewer flow estimates. Single family residential flow is down from 14 ccf/month to 9 ccf/month. Thus, lower cost responsibility for single family customers and higher costs for non-single family customers.
- Not every customer will receive exactly the same % rate change due to cost allocation results (i.e. recovery of costs through fixed and volume rates)
- Typical bill of a residential customer:

Option	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	\$82.55	\$92.71	\$104.76	\$106.86	\$109.00	\$111.18
#2: \$5M debt	\$82.55	\$83.74	\$85.42	\$87.13	\$88.87	\$90.65
#3: \$7.5M debt	\$82.55	\$83.56	\$85.07	\$86.60	\$88.16	\$89.75
#4: \$10M debt	\$82.55	\$83.32	\$84.57	\$85.84	\$87.13	\$88.44

Single Family Residential Wastewater Bill Survey



Single Family Residential Water and Wastewater Bill Survey





Rate Study Timeline

- Finance Committee meetings on February 5 and 24
- Presentations to the Board
 - March 18 (Informational)
 - April 1 (select preferred rate option)
- Approve Final Report on April 15
- Proposition 218 notices mailed to customers April 17
 - Customers have the right to protest the water rates, sewer rates, or both
 - Protests must be in writing and be received by the end of the public hearing
 - If more than 50% of property owners protest, rates cannot be implemented
- Public hearing will be held June 3
- If approved, rates will go into effect July 1
- Each year, Board will review the budget and rates (if approved). Board has the option to adopt lower rates without additional hearings.



Questions?





**Town of Discovery Bay
Community Services District
2020 Water Rate Study
Draft Tables – March 18, 2020**



Notes:

New debt assumed for FY2020/21. Debt service costs are roughly estimated at \$70,000 per \$1M of proceeds based on 4.15% over 30 years with high issuance costs and bond premiums.

12% rate increase approved for FY2020/21 in prior rate study.

Options have been revised since the February 24 Finance Committee meeting.

Rate design has been adjusted based on the proposed cost allocation methodology and water conservation targets. SB 606 and AB1668 establish a current target of 55 gallons per capita indoor water use by January 1, 2025. On January 1, 2025, it will decrease to the greater of (a) a number selected by DWR or (b) 52.5 gallons per capita daily. On January 1, 2030, the limit will decrease to 50 gallons per capita daily. Enforcement mechanisms are unclear however it is anticipated that fines against water purveyors will begin in 2027. L&T reviewed various sources of water usage data from the Town. It is estimated that current indoor water use is 80 gallons per person per day. This rate study assumes that residential indoor water use will decrease to 70 gallons per person per day by 2025. It is also assumed that the Town will further evaluate its water conservation goals and implement measures to reduce indoor demand from 2025 to 2027.

System Average Annual Rate Revenue Increases

(total increase to rate revenues; the rates of individual customers will vary based on changes to rate design)

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+20%	+15%	+1%	+1%	+1%
#2: \$4M debt	+4.75%	+4.75%	+4.75%	+4.75%	+4.75%
#3: \$8M debt	+1%	+1%	+1%	+1%	+1%

Cumulative Rate Revenue Increases

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+20.0%	+38.0%	+39.4%	+40.8%	+42.2%
#2: \$4M debt	+4.75%	+9.7%	+14.9%	+20.4%	+26.1%
#3: \$8M debt	+1.00%	+2.01%	+3.03%	+4.06%	+5.10%

Debt Service Coverage Ratio (combined ratio for 2012, 2017, and new debt)

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	9.06	11.55	11.29	11.13	11.13
#2: \$4M debt	6.63	3.40	3.53	3.78	4.07
#3: \$8M debt	6.03	1.85	1.72	1.66	1.60

**Table 1: Summary of Capital Funding Sources
Town of Discovery Bay
Water Rate Study**

	OPTION 1 No Debt	OPTION 2 \$4M	OPTION 3 \$8M
Revenue Sources			
Existing Capital Reserves	161,700	41,700	41,700
Excess Operating Reserves	1,710,000	1,710,000	1,710,000
Capacity Fees	407,400	407,400	407,400
Rate Revenues	9,780,000	5,900,000	1,900,000
New Debt	0	<u>4,000,000</u>	<u>8,000,000</u>
Total Revenues	12,059,100	12,059,100	12,059,100
Total Capital Projects	12,059,100	12,059,100	12,059,100

**Table 2: Reserves
Town of Discovery Bay
Water Rate Study**

Reserves	FY2018/19		
	Estimate	Water	Wastewater
Water & Wastewater Operating Reserves	\$5,142,601	\$755,828	\$4,386,773
Emergency Reserves	\$3,001,000	\$1,200,400	\$1,800,600
Sewer Infrastructure Replacement Fund	\$1,550,000	\$0	\$1,550,000
Pumps/Motors Replacement Fund	\$390,000	\$156,000	\$234,000
Water Infrastructure Replacement Fund	\$859,143	\$418,728	\$0
Generators Replacement Fund	\$175,000	\$70,000	\$105,000
Facilities & Vehicles Replacement Fund	\$310,852	\$117,426	\$193,426
Operating Reserves Total	\$5,142,601	\$755,828	\$4,386,773
Emergency Reserves	\$3,001,000	\$1,200,400	\$1,800,600
Infrastructure Replacement Total	\$2,844,580	\$762,154	\$2,082,426
Total Reserves	\$10,988,181	\$2,718,382	\$8,269,799

**Table 3: Proposed Water Rates and Changes – OPTION 1: No Debt
Town of Discovery Bay
Water Rate Study**

Monthly Use (cc)	13.0	12.8	12.6	12.4	12.2	11.9
Residential Bill (1" meter)	\$49.40	\$59.32	\$68.18	\$68.63	\$69.18	\$69.74
% increase		20%	15%	1%	1%	1%
Bill at 13 ccf, 1" meter	\$49.40	\$59.86	\$69.44	\$70.56	\$71.82	\$73.48
		21%	16%	2%	2%	2%

WATER	PROPOSED					
	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
	Monthly (\$/month)					
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation Account Charge:						
5/8 Inch Meter	\$20.06	\$24.73	\$28.44	\$28.73	\$29.02	\$29.32
3/4 Inch Meter	\$20.06	\$24.73	\$28.44	\$28.73	\$29.02	\$29.32
1 Inch Meter	\$20.06	\$24.73	\$28.44	\$28.73	\$29.02	\$29.32
1 1/2 Inch Meter	\$39.16	\$48.61	\$55.91	\$56.47	\$57.04	\$57.62
2 Inch Meter	\$62.04	\$77.27	\$88.87	\$89.76	\$90.66	\$91.57
3 Inch Meter	\$123.06	\$153.68	\$176.74	\$178.51	\$180.30	\$182.11
4 Inch Meter	\$191.71	\$239.65	\$275.60	\$278.36	\$281.15	\$283.97
6 Inch Meter	\$382.43	\$478.45	\$550.22	\$555.73	\$561.29	\$566.91
Irrigation Account Charge:						
5/8 Inch Meter	\$18.92	\$22.08	\$25.40	\$25.66	\$25.92	\$26.18
3/4 Inch Meter	\$18.92	\$22.08	\$25.40	\$25.66	\$25.92	\$26.18
1 Inch Meter	\$18.92	\$22.08	\$25.40	\$25.66	\$25.92	\$26.18
1 1/2 Inch Meter	\$36.87	\$43.31	\$49.81	\$50.31	\$50.82	\$51.33
2 Inch Meter	\$58.38	\$68.79	\$79.11	\$79.91	\$80.71	\$81.52
3 Inch Meter	\$115.73	\$136.72	\$157.23	\$158.81	\$160.40	\$162.01
4 Inch Meter	\$180.27	\$213.15	\$245.13	\$247.59	\$250.07	\$252.58
6 Inch Meter	\$359.54	\$425.45	\$489.27	\$494.17	\$499.12	\$504.12
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.257	\$2.703	\$3.154	\$3.217	\$3.292	\$3.397
Newly Metered Customers Meter Install Fee (10-year payback)	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01

ccf = 100 cubic feet = 748 gallons

**Table 4: Water Capital Cash Flows - OPTION 1: No Debt
Town of Discovery Bay
Water Rate Study**

Line	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
1	Emergency Reserves	1,200,400	1,200,400	1,200,400	1,200,400	1,200,400
2	Infrastructure Replacement	<u>762,000</u>	<u>1,603,900</u>	<u>1,072,100</u>	<u>49,700</u>	<u>837,800</u>
3	Beginning Balance	1,962,400	2,804,300	2,272,500	1,250,100	2,038,200
4						2,091,100
5	Revenues					
6	Capacity Fees (\$4,850/EDU)	164,900	48,500	48,500	48,500	48,500
7	Transfer from Operating	1,710,000	1,830,000	2,550,000	2,600,000	1,400,000
8	New Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
9	Total Revenues	1,874,900	1,878,500	2,598,500	2,648,500	1,448,500
10						
11	Capital Improvements					
12	Water Supply Capacity					
13	Well 8	150,000	772,500	2,811,400	958,900	0
14	Well 5A Decommissioning	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,000</u>	<u>0</u>
15	Total Water Supply Capacity	150,000	772,500	2,811,400	1,040,900	0
16						0
17	Upgrades for Existing Water Supply					
18	Well 4A Rehab	140,000	0	0	0	0
19	Well Rehab every 3-4 years (Wells 1B, 2, 4A, 6)	0	257,500	0	0	225,100
20	Filter Repair (Newport & Willow)	118,000	103,000	231,300	0	0
21	Stabilization Soils- Willow Lake WTP	150,000	0	0	0	0
22	Upgrade Well 4A Piping	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
23	Total Existing Water Supply	483,000	360,500	231,300	0	225,100
24						0
25	Distribution/Pipeline Replacements					
26	Mainline CIP Program Long-Term	0	0	530,500	819,500	1,125,500
27	Cathodic Protection	0	257,500	0	0	0
28	6 inch pipeline replacement Lakeview Biz Park	0	298,700	0	0	0
29	Replace Underwater Crossing Laguna Ct	400,000	0	0	0	0
30	Edgeview St. Andrews /Clubhouse	<u>0</u>	<u>309,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
31	Total Distribution/Pipeline Replacements	400,000	865,200	530,500	819,500	1,125,500
32						1,738,900
33	Additional Distribution Improvements					
34	WTP spill containment curbing/diversion	0	25,800	0	0	0
35	Upgrade Hypo Tanks at WTP	<u>0</u>	<u>0</u>	<u>26,500</u>	<u>0</u>	<u>0</u>
36	Total Distribution/Pipeline Replacements	0	25,800	26,500	0	0
37						0
38	Master Plans					
39	Water Master & Asset Management Plans	0	257,500	0	0	0
40	2020 Urban Water Management Plan	0	41,200	0	0	0
41	AWIA Emergency Plans	<u>0</u>	<u>25,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
42	Total Master Plans	0	324,500	0	0	0
43						0
44	Admin Projects					
45	Cyber Security	0	61,800	0	0	45,000
46	New Truck	<u>0</u>	<u>0</u>	<u>21,200</u>	<u>0</u>	<u>0</u>
47	Total Admin	0	61,800	21,200	0	45,000
48						0
49	Total Capital Improvements	1,033,000	2,410,300	3,620,900	1,860,400	1,395,600
50						1,738,900
51	Total Net Revenues	841,900	(531,800)	(1,022,400)	788,100	52,900
52						(290,400)
53	Ending Balance	2,804,300	2,272,500	1,250,100	2,038,200	2,091,100
54						1,800,700

Note: This table does not designate which projects are repair and rehabilitation projects and which are expansion projects to meet the needs of new development. Capacity fee revenues can only be used to fund expansion projects and are estimated based on 34 EDUs in FY2019/20 and 10 new EDUs per year thereafter. Project costs escalated by 3% annually.

Table 5: Water Operating Cash Flows – OPTION 1: No Debt
Town of Discovery Bay
Water Rate Study

Line	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
1 Beginning Operating Balance	\$756,000	\$823,000	\$1,080,300	\$1,273,500	\$1,328,200	\$2,551,600
2						
3 Proposed Increase		20.0%	15.0%	1.0%	1.0%	1.0%
4						
5 Revenues						
6 Rate Revenue	4,191,000	5,029,000	5,783,000	5,841,000	5,899,000	5,958,000
7 New Customers	<u>20,000</u>	<u>31,300</u>	<u>44,200</u>	<u>52,700</u>	<u>61,400</u>	<u>70,300</u>
8 Rate Rev Subtotal	4,211,000	5,060,300	5,827,200	5,893,700	5,960,400	6,028,300
9 Less Delinquency (2%)	(91,000)	(101,000)	(116,000)	(117,000)	(118,000)	(119,000)
10 Vacant Parcel	12,000	12,000	12,000	12,000	12,000	12,000
11 Meter Reimbursements	336,000	336,000	336,000	336,000	336,000	336,000
12 Other & Misc	<u>22,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>
13 Total Revenues	4,490,000	5,334,300	6,086,200	6,151,700	6,217,400	6,284,300
14						
15 % increase in operating expenses		budget	3.0%	3.0%	3.0%	3.0%
16 Expenses						
17 Operating Expenses						
18 Admin & Inter Govt. & Board	334,000	451,000	465,000	479,000	493,000	508,000
19 Staffing & Consulting Serv	572,000	862,000	888,000	915,000	942,000	970,000
20 Meters Reading	88,000	93,000	96,000	99,000	102,000	105,000
21 Operations & Maint	331,000	424,000	437,000	450,000	464,000	478,000
22 SGMA Compliance	0	15,000	20,000	21,000	21,000	22,000
23 Utilities [1]	479,000	467,000	481,000	495,000	510,000	525,000
24 Service Contract [2]	<u>651,000</u>	<u>676,000</u>	<u>696,000</u>	<u>780,000</u>	<u>803,000</u>	<u>827,000</u>
25 Total Operating Expenses	2,455,000	2,988,000	3,083,000	3,239,000	3,335,000	3,435,000
26						
27 Net Operating Revenues	2,035,000	2,346,300	3,003,200	2,912,700	2,882,400	2,849,300
28						
29 Debt Service						
30 2012 Bonds Debt Service [3]	88,000	88,000	89,000	88,000	89,000	88,000
31 2017 Bonds Debt Service [3]	170,000	171,000	171,000	170,000	170,000	168,000
32 New Debt Service [4]	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
33 Total Debt Service	258,000	259,000	260,000	258,000	259,000	256,000
34						
35 Debt Service Coverage	7.89	9.06	11.55	11.29	11.13	11.13
36						
37 Total O&M + Debt	2,713,000	3,247,000	3,343,000	3,497,000	3,594,000	3,691,000
38						
39 Total Net Revenues	1,777,000	2,087,300	2,743,200	2,654,700	2,623,400	2,593,300
40						
41 Transfer to Capital	1,710,000	1,830,000	2,550,000	2,600,000	1,400,000	1,400,000
42						
43 O&M Ending balance	823,000	1,080,300	1,273,500	1,328,200	2,551,600	3,744,900
44						
45 Minimum balance target [5]	818,000	996,000	1,028,000	1,080,000	1,112,000	1,145,000

1 - Chemicals and electric

2 - Assumed increase in FY2023 due to Well #8 coming online

3 - Based on year ended December 1

4 - Estimated at an average rate of 4.15% over a 30-year term based on current interest costs and yield curves, and debt service beginning the following year (rough planning estimate)

5 - 4 months O&M expenses

Table 6: Proposed Water Rates and Changes – OPTION 2: \$4M
Town of Discovery Bay
Water Rate Study

Monthly Use (cc)	13.0	12.8	12.6	12.4	12.2	11.9
Residential Bill (1" meter)	\$49.40	\$51.78	\$54.22	\$56.59	\$59.18	\$61.87
% increase		4.8%	4.7%	4.4%	4.6%	4.6%
Bill at 13 ccf, 1" meter	\$49.40	\$52.25	\$55.22	\$58.19	\$61.44	\$65.19
		6%	6%	5%	6%	6%

WATER	Current	PROPOSED				
		FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
	Monthly (\$/month)					
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation Account Charge:						
5/8 Inch Meter	\$20.06	\$21.49	\$22.52	\$23.59	\$24.72	\$25.90
3/4 Inch Meter	\$20.06	\$21.49	\$22.52	\$23.59	\$24.72	\$25.90
1 Inch Meter	\$20.06	\$21.49	\$22.52	\$23.59	\$24.72	\$25.90
1 1/2 Inch Meter	\$39.16	\$42.15	\$44.16	\$46.26	\$48.46	\$50.77
2 Inch Meter	\$62.04	\$66.94	\$70.12	\$73.46	\$76.95	\$80.61
3 Inch Meter	\$123.06	\$133.05	\$139.37	\$146.00	\$152.94	\$160.21
4 Inch Meter	\$191.71	\$207.43	\$217.29	\$227.62	\$238.44	\$249.77
6 Inch Meter	\$382.43	\$414.03	\$433.70	\$454.31	\$475.89	\$498.50
Irrigation Account Charge:						
5/8 Inch Meter	\$18.92	\$19.18	\$20.10	\$21.06	\$22.07	\$23.12
3/4 Inch Meter	\$18.92	\$19.18	\$20.10	\$21.06	\$22.07	\$23.12
1 Inch Meter	\$18.92	\$19.18	\$20.10	\$21.06	\$22.07	\$23.12
1 1/2 Inch Meter	\$36.87	\$37.53	\$39.32	\$41.19	\$43.15	\$45.20
2 Inch Meter	\$58.38	\$59.55	\$62.38	\$65.35	\$68.46	\$71.72
3 Inch Meter	\$115.73	\$118.27	\$123.89	\$129.78	\$135.95	\$142.41
4 Inch Meter	\$180.27	\$184.33	\$193.09	\$202.27	\$211.88	\$221.95
6 Inch Meter	\$359.54	\$367.83	\$385.31	\$403.62	\$422.80	\$442.89
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.257	\$2.366	\$2.516	\$2.661	\$2.824	\$3.022
Newly Metered Customers Meter Install Fee (10-year payback)	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01

ccf = 100 cubic feet = 748 gallons

Table 7: Water Capital Cash Flows - OPTION 2: \$4M
Town of Discovery Bay
Water Rate Study

Line	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
1	Emergency Reserves	1,200,400	1,200,400	1,200,400	1,200,400	1,200,400
2	Infrastructure Replacement	<u>762,000</u>	<u>1,603,900</u>	<u>4,042,100</u>	<u>1,769,700</u>	<u>1,357,800</u>
3	Beginning Balance	1,962,400	2,804,300	5,242,500	2,970,100	2,558,200
4						
5	Revenues					
6	Capacity Fees (\$4,850/EDU)	164,900	48,500	48,500	48,500	48,500
7	Transfer from Operating	1,710,000	800,000	1,300,000	1,400,000	1,400,000
8	New Debt Proceeds	<u>0</u>	<u>4,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
9	Total Revenues	1,874,900	4,848,500	1,348,500	1,448,500	1,448,500
10						
11	Capital Improvements					
12	Water Supply Capacity					
13	Well 8	150,000	772,500	2,811,400	958,900	0
14	Well 5A Decommissioning	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,000</u>	<u>0</u>
15	Total Water Supply Capacity	150,000	772,500	2,811,400	1,040,900	0
16						
17	Upgrades for Existing Water Supply					
18	Well 4A Rehab	140,000	0	0	0	0
19	Well Rehab every 3-4 years (Wells 1B, 2, 4A, 6)	0	257,500	0	0	225,100
20	Filter Repair (Newport & Willow)	118,000	103,000	231,300	0	0
21	Stabilization Soils- Willow Lake WTP	150,000	0	0	0	0
22	Upgrade Well 4A Piping	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
23	Total Existing Water Supply	483,000	360,500	231,300	0	225,100
24						
25	Distribution/Pipeline Replacements					
26	Mainline CIP Program Long-Term	0	0	530,500	819,500	1,125,500
27	Cathodic Protection	0	257,500	0	0	0
28	6 inch pipeline replacement Lakeview Biz Park	0	298,700	0	0	0
29	Replace Underwater Crossing Laguna Ct	400,000	0	0	0	0
30	Edgeview St. Andrews /Clubhouse	<u>0</u>	<u>309,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
31	Total Distribution/Pipeline Replacements	400,000	865,200	530,500	819,500	1,125,500
32						
33	Additional Distribution Improvements					
34	WTP spill containment curbing/diversion	0	25,800	0	0	0
35	Upgrade Hypo Tanks at WTP	<u>0</u>	<u>0</u>	<u>26,500</u>	<u>0</u>	<u>0</u>
36	Total Distribution/Pipeline Replacements	0	25,800	26,500	0	0
37						
38	Master Plans					
39	Water Master & Asset Management Plans	0	257,500	0	0	0
40	2020 Urban Water Management Plan	0	41,200	0	0	0
41	AWIA Emergency Plans	<u>0</u>	<u>25,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
42	Total Master Plans	0	324,500	0	0	0
43						
44	Admin Projects					
45	Cyber Security	0	61,800	0	0	45,000
46	New Truck	<u>0</u>	<u>0</u>	<u>21,200</u>	<u>0</u>	<u>0</u>
47	Total Admin	0	61,800	21,200	0	45,000
48						
49	Total Capital Improvements	1,033,000	2,410,300	3,620,900	1,860,400	1,395,600
50						
51	Total Net Revenues	841,900	2,438,200	(2,272,400)	(411,900)	52,900
52						
53	Ending Balance	2,804,300	5,242,500	2,970,100	2,558,200	2,611,100
54						

Note: This table does not designate which projects are repair and rehabilitation projects and which are expansion projects to meet the needs of new development. Capacity fee revenues can only be used to fund expansion projects and are estimated based on 34 EDUs in FY2019/20 and 10 new EDUs per year thereafter. Project costs escalated by 3% annually.

Table 8: Water Operating Cash Flows – OPTION 2: \$4M
Town of Discovery Bay
Water Rate Study

Line	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25	
1	Beginning Operating Balance	\$756,000	\$823,000	\$1,480,300	\$1,474,400	\$1,436,900	\$1,535,400
2							
3	Proposed Increase		4.75%	4.75%	4.75%	4.75%	4.75%
4							
5	Revenues						
6	Rate Revenue	4,191,000	4,390,000	4,599,000	4,817,000	5,046,000	5,286,000
7	New Customers	<u>20,000</u>	<u>27,300</u>	<u>35,100</u>	<u>43,500</u>	<u>52,500</u>	<u>62,400</u>
8	Rate Rev Subtotal	4,211,000	4,417,300	4,634,100	4,860,500	5,098,500	5,348,400
9	Less Delinquency (2%)	(91,000)	(88,000)	(92,000)	(96,000)	(101,000)	(106,000)
10	Vacant Parcel	12,000	12,000	12,000	12,000	12,000	12,000
11	Meter Reimbursements	336,000	336,000	336,000	336,000	336,000	336,000
12	Other & Misc	<u>22,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>
13	Total Revenues	4,490,000	4,704,300	4,917,100	5,139,500	5,372,500	5,617,400
14							
15	% increase in operating expenses		budget	3.0%	3.0%	3.0%	3.0%
16	Expenses						
17	Operating Expenses						
18	Admin & Inter Govt. & Board	334,000	451,000	465,000	479,000	493,000	508,000
19	Staffing & Consulting Serv	572,000	862,000	888,000	915,000	942,000	970,000
20	Meters Reading	88,000	93,000	96,000	99,000	102,000	105,000
21	Operations & Maint	331,000	424,000	437,000	450,000	464,000	478,000
22	SGMA Compliance	0	15,000	20,000	21,000	21,000	22,000
23	Utilities [1]	479,000	467,000	481,000	495,000	510,000	525,000
24	Service Contract [2]	<u>651,000</u>	<u>676,000</u>	<u>696,000</u>	<u>780,000</u>	<u>803,000</u>	<u>827,000</u>
25	Total Operating Expenses	2,455,000	2,988,000	3,083,000	3,239,000	3,335,000	3,435,000
26							
27	Net Operating Revenues	2,035,000	1,716,300	1,834,100	1,900,500	2,037,500	2,182,400
28							
29	Debt Service						
30	2012 Bonds Debt Service [3]	88,000	88,000	89,000	88,000	89,000	88,000
31	2017 Bonds Debt Service [3]	170,000	171,000	171,000	170,000	170,000	168,000
32	New Debt Service [4]	<u>0</u>	<u>0</u>	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>
33	Total Debt Service	258,000	259,000	540,000	538,000	539,000	536,000
34							
35	Debt Service Coverage	7.89	6.63	3.40	3.53	3.78	4.07
36							
37	Total O&M + Debt	2,713,000	3,247,000	3,623,000	3,777,000	3,874,000	3,971,000
38							
39	Total Net Revenues	1,777,000	1,457,300	1,294,100	1,362,500	1,498,500	1,646,400
40							
41	Transfer to Capital	1,710,000	800,000	1,300,000	1,400,000	1,400,000	1,000,000
42							
43	O&M Ending balance	823,000	1,480,300	1,474,400	1,436,900	1,535,400	2,181,800
44							
45	Minimum balance target [5]	818,000	996,000	1,028,000	1,080,000	1,112,000	1,145,000

1 - Chemicals and electric

2 - Assumed increase in FY2023 due to Well #8 coming online

3 - Based on year ended December 1

4 - Estimated at an average rate of 4.15% over a 30-year term based on current interest costs and yield curves, and debt service beginning the following year (rough planning estimate)

5 - 4 months O&M expenses

Table 9: Proposed Water Rates and Changes – OPTION 3: \$8M

**Town of Discovery Bay
Water Rate Study**

Monthly Use (cc)	13.0	12.8	12.6	12.4	12.2	11.9
Residential Bill (1" meter)	\$49.40	\$49.91	\$50.39	\$50.71	\$51.13	\$51.55
% increase		1%	1%	1%	1%	1%
Bill at 13 ccf, 1" meter	\$49.40	\$50.37	\$51.33	\$52.15	\$53.09	\$54.33
		2%	2%	2%	2%	2%

WATER	PROPOSED					
	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
	Monthly (\$/month)					
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation Account Charge:						
5/8 Inch Meter	\$20.06	\$20.60	\$20.81	\$21.02	\$21.24	\$21.46
3/4 Inch Meter	\$20.06	\$20.60	\$20.81	\$21.02	\$21.24	\$21.46
1 Inch Meter	\$20.06	\$20.60	\$20.81	\$21.02	\$21.24	\$21.46
1 1/2 Inch Meter	\$39.16	\$40.28	\$40.69	\$41.10	\$41.52	\$41.94
2 Inch Meter	\$62.04	\$63.90	\$64.54	\$65.19	\$65.85	\$66.51
3 Inch Meter	\$123.06	\$126.87	\$128.14	\$129.43	\$130.73	\$132.04
4 Inch Meter	\$191.71	\$197.72	\$199.70	\$201.70	\$203.72	\$205.76
6 Inch Meter	\$382.43	\$394.52	\$398.47	\$402.46	\$406.49	\$410.56
Irrigation Account Charge:						
5/8 Inch Meter	\$18.92	\$18.96	\$19.00	\$19.04	\$19.08	\$19.12
3/4 Inch Meter	\$18.92	\$18.96	\$19.00	\$19.04	\$19.08	\$19.12
1 Inch Meter	\$18.92	\$18.96	\$19.00	\$19.04	\$19.08	\$19.12
1 1/2 Inch Meter	\$36.87	\$36.95	\$37.03	\$37.11	\$37.19	\$37.27
2 Inch Meter	\$58.38	\$58.52	\$58.66	\$58.80	\$58.94	\$59.06
3 Inch Meter	\$115.73	\$116.02	\$116.31	\$116.60	\$116.89	\$117.17
4 Inch Meter	\$180.27	\$180.72	\$181.17	\$181.62	\$182.07	\$182.54
6 Inch Meter	\$359.54	\$360.46	\$361.38	\$362.30	\$363.22	\$364.13
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.257	\$2.290	\$2.347	\$2.395	\$2.450	\$2.528
Newly Metered Customers Meter Install Fee (10-year payback)	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01

ccf = 100 cubic feet = 748 gallons

Table 10: Water Capital Cash Flows - OPTION 3: \$8M
Town of Discovery Bay
Water Rate Study

Line	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
1	Emergency Reserves	1,200,400	1,200,400	1,200,400	1,200,400	1,200,400
2	Infrastructure Replacement	<u>762,000</u>	<u>1,603,900</u>	<u>7,242,100</u>	<u>4,169,700</u>	<u>2,857,800</u>
3	Beginning Balance	1,962,400	2,804,300	8,442,500	5,370,100	4,058,200
4						
5	Revenues					
6	Capacity Fees (\$4,850/EDU)	164,900	48,500	48,500	48,500	48,500
7	Transfer from Operating	1,710,000	0	500,000	500,000	500,000
8	New Debt Proceeds	<u>0</u>	<u>8,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
9	Total Revenues	1,874,900	8,048,500	548,500	548,500	548,500
10						
11	Capital Improvements					
12	Water Supply Capacity					
13	Well 8	150,000	772,500	2,811,400	958,900	0
14	Well 5A Decommissioning	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,000</u>	<u>0</u>
15	Total Water Supply Capacity	150,000	772,500	2,811,400	1,040,900	0
16						
17	Upgrades for Existing Water Supply					
18	Well 4A Rehab	140,000	0	0	0	0
19	Well Rehab every 3-4 years (Wells 1B, 2, 4A, 6)	0	257,500	0	0	225,100
20	Filter Repair (Newport & Willow)	118,000	103,000	231,300	0	0
21	Stabilization Soils- Willow Lake WTP	150,000	0	0	0	0
22	Upgrade Well 4A Piping	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
23	Total Existing Water Supply	483,000	360,500	231,300	0	225,100
24						
25	Distribution/Pipeline Replacements					
26	Mainline CIP Program Long-Term	0	0	530,500	819,500	1,125,500
27	Cathodic Protection	0	257,500	0	0	0
28	6 inch pipeline replacement Lakeview Biz Park	0	298,700	0	0	0
29	Replace Underwater Crossing Laguna Ct	400,000	0	0	0	0
30	Edgeview St. Andrews /Clubhouse	<u>0</u>	<u>309,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
31	Total Distribution/Pipeline Replacements	400,000	865,200	530,500	819,500	1,125,500
32						
33	Additional Distribution Improvements					
34	WTP spill containment curbing/diversion	0	25,800	0	0	0
35	Upgrade Hypo Tanks at WTP	<u>0</u>	<u>0</u>	<u>26,500</u>	<u>0</u>	<u>0</u>
36	Total Distribution/Pipeline Replacements	0	25,800	26,500	0	0
37						
38	Master Plans					
39	Water Master & Asset Management Plans	0	257,500	0	0	0
40	2020 Urban Water Management Plan	0	41,200	0	0	0
41	AWIA Emergency Plans	<u>0</u>	<u>25,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
42	Total Master Plans	0	324,500	0	0	0
43						
44	Admin Projects					
45	Cyber Security	0	61,800	0	0	45,000
46	New Truck	<u>0</u>	<u>0</u>	<u>21,200</u>	<u>0</u>	<u>0</u>
47	Total Admin	0	61,800	21,200	0	45,000
48						
49	Total Capital Improvements	1,033,000	2,410,300	3,620,900	1,860,400	1,395,600
50						
51	Total Net Revenues	841,900	5,638,200	(3,072,400)	(1,311,900)	(847,100)
52						
53	Ending Balance	2,804,300	8,442,500	5,370,100	4,058,200	3,211,100
54						

Note: This table does not designate which projects are repair and rehabilitation projects and which are expansion projects to meet the needs of new development. Capacity fee revenues can only be used to fund expansion projects and are estimated based on 34 EDUs in FY2019/20 and 10 new EDUs per year thereafter. Project costs escalated by 3% annually.

Table 11: Water Operating Cash Flows – OPTION 3: \$8M
Town of Discovery Bay
Water Rate Study

Line	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
1 Beginning Operating Balance	\$756,000	\$823,000	\$2,125,400	\$2,319,100	\$2,408,000	\$2,448,400
2						
3 Proposed Increase		1.0%	1.0%	1.0%	1.0%	1.0%
4						
5 Revenues						
6 Rate Revenue	4,191,000	4,233,000	4,275,000	4,318,000	4,361,000	4,405,000
7 New Customers	<u>20,000</u>	<u>26,400</u>	<u>32,700</u>	<u>38,900</u>	<u>45,400</u>	<u>52,000</u>
8 Rate Rev Subtotal	4,211,000	4,259,400	4,307,700	4,356,900	4,406,400	4,457,000
9 Less Delinquency (2%)	(91,000)	(85,000)	(86,000)	(86,000)	(87,000)	(88,000)
10 Vacant Parcel	12,000	12,000	12,000	12,000	12,000	12,000
11 Meter Reimbursements	336,000	336,000	336,000	336,000	336,000	336,000
12 Other & Misc	<u>22,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>
13 Total Revenues	4,490,000	4,549,400	4,596,700	4,645,900	4,694,400	4,744,000
14						
15 % increase in operating expenses		budget	3.0%	3.0%	3.0%	3.0%
16 Expenses						
17 Operating Expenses						
18 Admin & Inter Govt. & Board	334,000	451,000	465,000	479,000	493,000	508,000
19 Staffing & Consulting Serv	572,000	862,000	888,000	915,000	942,000	970,000
20 Meters Reading	88,000	93,000	96,000	99,000	102,000	105,000
21 Operations & Maint	331,000	424,000	437,000	450,000	464,000	478,000
22 SGMA Compliance	0	15,000	20,000	21,000	21,000	22,000
23 Utilities [1]	479,000	467,000	481,000	495,000	510,000	525,000
24 Service Contract [2]	<u>651,000</u>	<u>676,000</u>	<u>696,000</u>	<u>780,000</u>	<u>803,000</u>	<u>827,000</u>
25 Total Operating Expenses	2,455,000	2,988,000	3,083,000	3,239,000	3,335,000	3,435,000
26						
27 Net Operating Revenues	2,035,000	1,561,400	1,513,700	1,406,900	1,359,400	1,309,000
28						
29 Debt Service						
30 2012 Bonds Debt Service [3]	88,000	88,000	89,000	88,000	89,000	88,000
31 2017 Bonds Debt Service [3]	170,000	171,000	171,000	170,000	170,000	168,000
32 New Debt Service [4]	<u>0</u>	<u>0</u>	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>
33 Total Debt Service	258,000	259,000	820,000	818,000	819,000	816,000
34						
35 Debt Service Coverage	7.89	6.03	1.85	1.72	1.66	1.60
36						
37 Total O&M + Debt	2,713,000	3,247,000	3,903,000	4,057,000	4,154,000	4,251,000
38						
39 Total Net Revenues	1,777,000	1,302,400	693,700	588,900	540,400	493,000
40						
41 Transfer to Capital	1,710,000	0	500,000	500,000	500,000	400,000
42						
43 O&M Ending balance	823,000	2,125,400	2,319,100	2,408,000	2,448,400	2,541,400
44						
45 Minimum balance target [5]	818,000	996,000	1,028,000	1,080,000	1,112,000	1,145,000

1 - Chemicals and electric

2 - Assumed increase in FY2023 due to Well #8 coming online

3 - Based on year ended December 1

4 - Estimated at an average rate of 4.15% over a 30-year term based on current interest costs and yield curves, and debt service beginning the following year (rough planning estimate)

5 - 4 months O&M expenses



**Town of Discovery Bay
Community Services District
2020 Sewer Rate Study
Draft Tables – March 18, 2020**



Notes:

New debt assumed for FY2020/21. Debt service costs are roughly estimated at \$70,000 per \$1M of proceeds based on 4.15% over 30 years with high issuance costs and bond premiums.

4% rate increase approved for FY2020/21 in prior rate study.

Options have been revised since the February 24 Finance Committee meeting.

Rate design for residential and commercial customers has been adjusted. The prior studies assumed each single family home was discharging 14.4 ccf/month and each multifamily dwelling was discharging 11 ccf/month. Recent flow data at the wastewater treatment plant indicates that the average single family home (2.74 people) discharges 9 ccf/month. The average multifamily home is assumed to have 2 people and is assumed to discharge 6.5 ccf/month. The impact of this change is that single family customers have lower cost responsibility than previously assumed. All customers are proposed to receive rate increases under the options shown here but non-single family residential customers are proposed to receive larger % increases.

System Average Annual Rate Revenue Increases

(total increase to rate revenues; the rates of individual customers will vary based on changes to rate design)

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+13%	+13%	+2%	+2%	+2%
#2: \$5M debt	+2%	+2%	+2%	+2%	+2%
#3: \$7.5M debt	+1.8%	+1.8%	+1.8%	+1.8%	+1.8%
#4: \$10M debt	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%

Cumulative Rate Revenue Increases

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	+13%	+27.7%	+30.2%	+32.8%	+35.5%
#2: \$5M debt	+2%	+4.0%	+6.1%	+8.2%	+10.4%
#3: \$7.5M debt	+1.8%	+3.6%	+5.5%	+7.4%	+9.3%
#4: \$10M debt	+1.5	+3.0	+4.6%	+6.1%	+7.7%

Debt Service Coverage Ratio (combined ratio for 2012, 2017, and new debt)

Option	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
#1: No debt	2.95	3.71	3.80	3.88	3.98
#2: \$5M debt	2.36	1.84	1.88	1.92	1.96
#3: \$7.5M debt	2.34	1.63	1.65	1.68	1.71
#4: \$10M debt	2.33	1.45	1.46	1.47	1.49

**Table 1: Summary of Capital Funding Sources
Town of Discovery Bay
Wastewater Rate Study**

	OPTION 1 No Debt	OPTION 2 \$5M	OPTION 3 \$7.5M	OPTION 4 \$10M
Revenue Sources				
Existing Capital Reserves	\$257,400	\$107,400	\$107,400	\$107,400
Excess Operating Reserves	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
Capacity Fees	\$769,900	\$769,900	\$769,900	\$769,900
Rate Revenues	\$12,850,000	\$8,000,000	\$5,500,000	\$3,000,000
New Debt	\$0	\$5,000,000	\$7,500,000	\$10,000,000
Total Revenues	\$17,377,300	\$17,377,300	\$17,377,300	\$17,377,300
Total Capital Projects	\$17,377,300	\$17,377,300	\$17,377,300	\$17,377,300

**Table 2: Reserves
Town of Discovery Bay
Wastewater Rate Study**

Reserves	FY2018/19 Estimate	Water	Wastewater
Water & Wastewater Operating Reserves	\$5,142,601	\$755,828	\$4,386,773
Emergency Reserves	\$3,001,000	\$1,200,400	\$1,800,600
Sewer Infrastructure Replacement Fund	\$1,550,000	\$0	\$1,550,000
Pumps/Motors Replacement Fund	\$390,000	\$156,000	\$234,000
Water Infrastructure Replacement Fund	\$859,143	\$418,728	\$0
Generators Replacement Fund	\$175,000	\$70,000	\$105,000
Facilities & Vehicles Replacement Fund	\$310,852	\$117,426	\$193,426
Operating Reserves Total	\$5,142,601	\$755,828	\$4,386,773
Emergency Reserves	\$3,001,000	\$1,200,400	\$1,800,600
Infrastructure Replacement Total	\$2,844,580	\$762,154	\$2,082,426
Total Reserves	\$10,988,181	\$2,718,382	\$8,269,799

Table 3: Proposed Wastewater Rates and Charges - OPTION 1: No Debt
Town of Discovery Bay
Wastewater Rate Study

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU	\$82.55	\$990.63	\$92.71	\$1,112.52	\$104.76	\$1,257.12	\$106.86	\$1,282.32	\$109.00	\$1,308.00	\$111.18	\$1,334.16
Multiple Family/Condos - Each DU	\$61.92	\$743.03	\$69.97	\$839.64	\$79.07	\$948.79	\$82.47	\$989.70	\$86.03	\$1,032.37	\$89.74	\$1,076.88
Vacant	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00
Nonresidential Metered	Use (\$/ccf)											
Business/Government/Clubs	\$5.734		\$6.480		\$7.322		\$8.061		\$8.875		\$9.771	
Restaurants/Bars/Dining Facilities	\$16.793		\$18.980		\$21.447		\$22.885		\$24.419		\$26.056	
Schools	\$5.161		\$5.830		\$6.588		\$7.285		\$8.056		\$8.908	
Other Domestic Strength Users	\$5.734		\$6.480		\$7.322		\$8.061		\$8.875		\$9.771	

DU = Dwelling Unit
ccf = 100 cubic feet = 748 gallons

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU			12%	12%	13%	13%	2%	2%	2%	2%	2%	2%
Multiple Family/Condos - Each DU			13%	13%	13%	13%	4%	4%	4%	4%	4%	4%
Vacant			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nonresidential Metered			Use (\$/ccf)									
Business/Government/Clubs			13%		13%		10%		10%		10%	
Restaurants/Bars/Dining Facilities			13%		13%		7%		7%		7%	
Schools			13%		13%		11%		11%		11%	
Other Domestic Strength Users			13%		13%		10%		10%		10%	

DU = Dwelling Unit
ccf = 100 cubic feet = 748 gallons

**Table 4: Wastewater Capital Cash Flows – OPTION 1: No Debt
Town of Discovery Bay
Wastewater Rate Study**

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Emergency Reserves	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600
Infrastructure Replacement	<u>2,082,400</u>	<u>4,530,300</u>	<u>7,161,400</u>	<u>1,922,600</u>	<u>40,600</u>	<u>624,300</u>
Beginning Balance	3,883,000	6,330,900	8,962,000	3,723,200	1,841,200	2,424,900
Revenues						
Capacity Fees (\$12,030/EDU)	168,400	120,300	120,300	120,300	120,300	120,300
Transfer from Operating	3,500,000	3,500,000	3,250,000	3,100,000	1,500,000	1,500,000
New Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	3,668,400	3,620,300	3,370,300	3,220,300	1,620,300	1,620,300
Capital Improvements						
WWTP Plant 1 Refurbishment	192,100	183,500	3,707,500	390,200	0	0
Denitrification	383,400	440,000	4,265,100	4,466,200	0	0
Lift Stations						
Lift Stations J, S, H	0	154,500	0	0	0	0
Lift Stations A, C, D, E	<u>0</u>	<u>0</u>	<u>212,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Lift Stations	0	154,500	212,200	0	0	0
Clarifier Rehab						
Plant 2 Clarifier #3 Rehabilitation	5,000	5,200	148,500	0	0	0
Clarifier 1 & 2 RAS Pump and Check Valves	0	0	0	0	336,500	0
Clarifier #4 Repair (cement)	<u>0</u>	<u>0</u>	<u>10,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Clarifier Rehab	5,000	5,200	159,100	0	336,500	0
Additional Projects and Maintenance						
Plant 2 RAS & WAS Pumping System	25,000	0	0	0	148,600	0
Replace Lagoon Dredge & Conduits	0	113,300	0	0	0	0
CCTV Van (portable and push camera)	70,000	0	0	0	0	0
Install Screen Headworks at Plant #2	25,000	0	0	245,900	0	0
Minor Rehab to Piping at Plant #1	20,000	0	244,000	0	0	0
Outfall Diffuser Repairs	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Additional Projects and Maintenance	640,000	113,300	244,000	245,900	148,600	0
Other Master Plan Projects						
Emergency Storage Drain to Pump Sta. W	0	0	0	0	0	86,900
Solids Handling Improvements	0	0	0	0	0	208,700
WAS Pumps and Check Valves						
Replacement	0	0	0	0	0	124,000
Collection System Pump Stations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,600</u>	<u>0</u>
Total Other Master Plan Projects	0	0	0	0	202,600	419,600
Mainline Piping Replacement	0	0	0	0	281,400	0
Admin Projects						
Cyber Security	0	92,700	0	0	67,500	0
New Truck	<u>0</u>	<u>0</u>	<u>21,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Admin Projects	0	92,700	21,200	0	67,500	0
Total Capital Improvements	1,220,500	989,200	8,609,100	5,102,300	1,036,600	419,600
Total Net Revenues	2,447,900	2,631,100	(5,238,800)	(1,882,000)	583,700	1,200,700
Ending Balance	6,330,900	8,962,000	3,723,200	1,841,200	2,424,900	3,625,600

Note: This table does not designate which projects are repair and rehabilitation projects and which are expansion projects to meet the needs of new development. Capacity fee revenues can only be used to fund expansion projects and are estimated based on 34 EDUs in FY2019/20 and 10 new EDUs per year thereafter.

**Table 5: Wastewater Operating Cash Flows – OPTION 1: No Debt
Town of Discovery Bay
Wastewater Rate Study**

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Beginning balance	\$4,387,000	\$3,326,400	\$1,969,400	\$1,690,900	\$1,660,900	\$3,327,900
Rate Increase		13.00%	13.00%	2.00%	2.00%	2.00%
Revenues						
Wastewater service						
Zone 9 Reimbursement	243,000	243,000	243,000	243,000	243,000	243,000
Other & Misc	17,300	17,300	17,300	17,300	17,300	17,300
Property Taxes (unmetered)	6,021,200	6,804,000	7,688,500	7,842,300	7,999,100	8,159,100
New Customers	0	(39,000)	(45,000)	(30,000)	(15,000)	0
Vacant	13,900	26,700	42,700	56,400	70,600	85,400
Metered sewer flow	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>
Total revenues	6,312,400	7,069,000	7,963,500	8,146,000	8,332,000	8,521,800
% increase in expenses			3.0%	3.0%	3.0%	3.0%
Expenses						
Operating Expenses						
Admin & Inter Govt. & Board	332,000	450,000	450,000	464,000	478,000	492,000
Staffing & Consulting Serv	593,000	1,090,000	1,090,000	1,090,000	1,090,000	1,090,000
Operations & Maint	334,000	538,000	554,000	571,000	588,000	606,000
Utilities	536,000	673,000	693,000	714,000	735,000	757,000
Service Contract	<u>977,000</u>	<u>1,075,000</u>	<u>1,107,000</u>	<u>1,140,000</u>	<u>1,175,000</u>	<u>1,210,000</u>
Total Operating Expenses	2,772,000	3,826,000	3,894,000	3,979,000	4,066,000	4,155,000
Net Operating Revenues	3,540,400	3,243,000	4,069,500	4,167,000	4,266,000	4,366,800
Debt Service [1]						
2012 Bonds Debt Service	741,000	743,000	744,000	740,000	745,000	743,000
2017 Bonds Debt Service	360,000	357,000	354,000	357,000	354,000	355,000
New Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	1,101,000	1,100,000	1,098,000	1,097,000	1,099,000	1,098,000
Debt Service Coverage	3.22	2.95	3.71	3.80	3.88	3.98
Total Expenses	3,873,000	4,926,000	4,992,000	5,076,000	5,165,000	5,253,000
Net Revenues	2,439,400	2,143,000	2,971,500	3,070,000	3,167,000	3,268,800
Transfer to Capital Fund	3,500,000	3,500,000	3,250,000	3,100,000	1,500,000	1,500,000
O&M Ending balance	3,326,400	1,969,400	1,690,900	1,660,900	3,327,900	5,096,700
O&M Minimum balance target [3]	924,000	1,275,000	1,298,000	1,326,000	1,355,000	1,385,000

1 - Based on year ended December 1

2 - Estimated at an average rate of 4.15% over a 30-year term based on current interest costs and yield curves, and debt service beginning the following year (rough planning estimate)

3 - 4 months O&M expenses

Table 6: Proposed Wastewater Rates and Charges - OPTION 2: \$5M

Town of Discovery Bay

Wastewater Rate Study

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU	\$82.55	\$990.63	\$83.74	\$1,004.88	\$85.42	\$1,025.04	\$87.13	\$1,045.56	\$88.87	\$1,066.44	\$90.65	\$1,087.80
Multiple Family/Condos - Each DU	\$61.92	\$743.03	\$64.13	\$769.62	\$66.43	\$797.16	\$68.81	\$825.69	\$71.27	\$855.24	\$73.82	\$885.84
Vacant	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00
Nonresidential Metered	Use (\$/ccf)											
Business/Government/Clubs	\$5.734		\$6.097		\$6.482		\$6.892		\$7.328		\$7.791	
Restaurants/Bars/Dining Facilities	\$16.793		\$17.489		\$18.214		\$18.969		\$19.755		\$20.574	
Schools	\$5.161		\$5.502		\$5.866		\$6.254		\$6.667		\$7.108	
Other Domestic Strength Users	\$5.734		\$6.097		\$6.482		\$6.892		\$7.328		\$7.791	

DU = Dwelling Unit

ccf = 100 cubic feet = 748 gallons

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU			1.4%	1.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Multiple Family/Condos - Each DU			4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Vacant			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nonresidential Metered			Use (\$/ccf)									
Business/Government/Clubs			6%		6%		6%		6%		6%	
Restaurants/Bars/Dining Facilities			4%		4%		4%		4%		4%	
Schools			7%		7%		7%		7%		7%	
Other Domestic Strength Users			6%		6%		6%		6%		6%	

DU = Dwelling Unit

ccf = 100 cubic feet = 748 gallons

Table 7: Wastewater Capital Cash Flows - OPTION 2: \$5M
Town of Discovery Bay
Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Emergency Reserves	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600
Infrastructure Replacement	<u>2,082,400</u>	<u>4,530,300</u>	<u>10,661,400</u>	<u>3,672,600</u>	<u>190,600</u>	<u>774,300</u>
Beginning Balance	3,883,000	6,330,900	12,462,000	5,473,200	1,991,200	2,574,900
Revenues						
Capacity Fees (\$12,030/EDU)	168,400	120,300	120,300	120,300	120,300	120,300
Transfer from Operating	3,500,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000
New Debt Proceeds	<u>0</u>	<u>5,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	3,668,400	7,120,300	1,620,300	1,620,300	1,620,300	1,620,300
Capital Improvements						
WWTP Plant 1 Refurbishment	192,100	183,500	3,707,500	390,200	0	0
Denitrification	383,400	440,000	4,265,100	4,466,200	0	0
Lift Stations						
Lift Stations J, S, H	0	154,500	0	0	0	0
Lift Stations A, C, D, E	<u>0</u>	<u>0</u>	<u>212,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Lift Stations	0	154,500	212,200	0	0	0
Clarifier Rehab						
Plant 2 Clarifier #3 Rehabilitation	5,000	5,200	148,500	0	0	0
Clarifier 1 & 2 RAS Pump and Check Valves	0	0	0	0	336,500	0
Clarifier #4 Repair (cement)	<u>0</u>	<u>0</u>	<u>10,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Clarifier Rehab	5,000	5,200	159,100	0	336,500	0
Additional Projects and Maintenance						
Plant 2 RAS & WAS Pumping System	25,000	0	0	0	148,600	0
Replace Lagoon Dredge & Conduits	0	113,300	0	0	0	0
CCTV Van (portable and push camera)	70,000	0	0	0	0	0
Install Screen Headworks at Plant #2	25,000	0	0	245,900	0	0
Minor Rehab to Piping at Plant #1	20,000	0	244,000	0	0	0
Outfall Diffuser Repairs	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Additional Projects and Maintenance	640,000	113,300	244,000	245,900	148,600	0
Other Master Plan Projects						
Emergency Storage Drain to Pump Sta. W	0	0	0	0	0	86,900
Solids Handling Improvements	0	0	0	0	0	208,700
WAS Pumps and Check Valves Replacement	0	0	0	0	0	124,000
Collection System Pump Stations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,600</u>	<u>0</u>
Total Other Master Plan Projects	0	0	0	0	202,600	419,600
Mainline Piping Replacement	0	0	0	0	281,400	0
Admin Projects						
Cyber Security	0	92,700	0	0	67,500	0
New Truck	<u>0</u>	<u>0</u>	<u>21,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Admin Projects	0	92,700	21,200	0	67,500	0
Total Capital Improvements	1,220,500	989,200	8,609,100	5,102,300	1,036,600	419,600
Total Net Revenues	2,447,900	6,131,100	(6,988,800)	(3,482,000)	583,700	1,200,700
Ending Balance	6,330,900	12,462,000	5,473,200	1,991,200	2,574,900	3,775,600

Note: This table does not designate which projects are repair and rehabilitation projects and which are expansion projects to meet the needs of new development. Capacity fee revenues can only be used to fund expansion projects and are estimated based on 34 EDUs in FY2019/20 and 10 new EDUs per year thereafter.

Table 8: Wastewater Operating Cash Flows – OPTION 2: \$5M
Town of Discovery Bay
Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Beginning balance	\$4,387,000	\$3,326,400	\$2,818,400	\$2,534,000	\$2,309,000	\$2,141,400
Rate Increase		2.00%	2.00%	2.00%	2.00%	2.00%
Revenues						
Wastewater service						
Zone 9 Reimbursement	243,000	243,000	243,000	243,000	243,000	243,000
Other & Misc	17,300	17,300	17,300	17,300	17,300	17,300
Property Taxes (unmetered)	6,021,200	6,141,600	6,264,400	6,389,700	6,517,500	6,647,900
New Customers	0	(25,000)	(19,000)	(12,000)	(5,000)	0
Vacant	13,900	24,100	34,900	46,000	57,600	69,600
Metered sewer flow	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>
Total revenues	6,312,400	6,418,000	6,557,600	6,701,000	6,847,400	6,994,800
% increase in expenses			3.0%	3.0%	3.0%	3.0%
Expenses						
Operating Expenses						
Admin & Inter Govt. & Board	332,000	450,000	450,000	464,000	478,000	492,000
Staffing & Consulting Serv	593,000	1,090,000	1,090,000	1,090,000	1,090,000	1,090,000
Operations & Maint	334,000	538,000	554,000	571,000	588,000	606,000
Utilities	536,000	673,000	693,000	714,000	735,000	757,000
Service Contract	<u>977,000</u>	<u>1,075,000</u>	<u>1,107,000</u>	<u>1,140,000</u>	<u>1,175,000</u>	<u>1,210,000</u>
Total Operating Expenses	2,772,000	3,826,000	3,894,000	3,979,000	4,066,000	4,155,000
Net Operating Revenues	3,540,400	2,592,000	2,663,600	2,722,000	2,781,400	2,839,800
Debt Service [1]						
2012 Bonds Debt Service	741,000	743,000	744,000	740,000	745,000	743,000
2017 Bonds Debt Service	360,000	357,000	354,000	357,000	354,000	355,000
New Debt	<u>0</u>	<u>0</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Total Debt Service	1,101,000	1,100,000	1,448,000	1,447,000	1,449,000	1,448,000
Debt Service Coverage	3.22	2.36	1.84	1.88	1.92	1.96
Total Expenses	3,873,000	4,926,000	5,342,000	5,426,000	5,515,000	5,603,000
Net Revenues	2,439,400	1,492,000	1,215,600	1,275,000	1,332,400	1,391,800
Transfer to Capital Fund	3,500,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000
O&M Ending balance	3,326,400	2,818,400	2,534,000	2,309,000	2,141,400	2,033,200
O&M Minimum balance target [3]	924,000	1,275,000	1,298,000	1,326,000	1,355,000	1,385,000

1 - Based on year ended December 1

2 - Estimated at an average rate of 4.15% over a 30-year term based on current interest costs and yield curves, and debt service beginning the following year (rough planning estimate)

3 - 4 months O&M expenses

Table 9: Proposed Wastewater Rates and Charges - OPTION 3: \$7.5M
Town of Discovery Bay
Wastewater Rate Study

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU	\$82.55	\$990.63	\$83.56	\$1,002.72	\$85.07	\$1,020.84	\$86.60	\$1,039.20	\$88.16	\$1,057.92	\$89.75	\$1,077.00
Multiple Family/Condos - Each DU	\$61.92	\$743.03	\$64.07	\$768.89	\$66.30	\$795.65	\$68.61	\$823.34	\$71.00	\$851.99	\$73.47	\$881.65
Vacant	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00
Nonresidential Metered	Use (\$/ccf)											
Business/Government/Clubs	\$5.734		\$6.067		\$6.420		\$6.793		\$7.187		\$7.605	
Restaurants/Bars/Dining Facilities	\$16.793		\$17.386		\$18.001		\$18.637		\$19.295		\$19.977	
Schools	\$5.161		\$5.478		\$5.814		\$6.171		\$6.549		\$6.951	
Other Domestic Strength Users	\$5.734		\$6.067		\$6.420		\$6.793		\$7.187		\$7.605	

DU = Dwelling Unit
ccf = 100 cubic feet = 748 gallons

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU			1.2%	1.2%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Multiple Family/Condos - Each DU			3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Vacant			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nonresidential Metered			Use (\$/ccf)									
Business/Government/Clubs			6%		6%		6%		6%		6%	
Restaurants/Bars/Dining Facilities			4%		4%		4%		4%		4%	
Schools			6%		6%		6%		6%		6%	
Other Domestic Strength Users			6%		6%		6%		6%		6%	

DU = Dwelling Unit
ccf = 100 cubic feet = 748 gallons

Table 10: Wastewater Capital Cash Flows - OPTION 3: \$7.5M
Town of Discovery Bay
Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Emergency Reserves	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600
Infrastructure Replacement	<u>2,082,400</u>	<u>4,530,300</u>	<u>11,161,400</u>	<u>3,922,600</u>	<u>190,600</u>	<u>774,300</u>
Beginning Balance	3,883,000	6,330,900	12,962,000	5,723,200	1,991,200	2,574,900
Revenues						
Capacity Fees (\$12,030/EDU)	168,400	120,300	120,300	120,300	120,300	120,300
Transfer from Operating	3,500,000	0	1,250,000	1,250,000	1,500,000	1,500,000
New Debt Proceeds	<u>0</u>	<u>7,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	3,668,400	7,620,300	1,370,300	1,370,300	1,620,300	1,620,300
Capital Improvements						
WWTP Plant 1 Refurbishment	192,100	183,500	3,707,500	390,200	0	0
Denitrification	383,400	440,000	4,265,100	4,466,200	0	0
Lift Stations						
Lift Stations J, S, H	0	154,500	0	0	0	0
Lift Stations A, C, D, E	<u>0</u>	<u>0</u>	<u>212,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Lift Stations	0	154,500	212,200	0	0	0
Clarifier Rehab						
Plant 2 Clarifier #3 Rehabilitation	5,000	5,200	148,500	0	0	0
Clarifier 1 & 2 RAS Pump and Check Valves	0	0	0	0	336,500	0
Clarifier #4 Repair (cement)	<u>0</u>	<u>0</u>	<u>10,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Clarifier Rehab	5,000	5,200	159,100	0	336,500	0
Additional Projects and Maintenance						
Plant 2 RAS & WAS Pumping System	25,000	0	0	0	148,600	0
Replace Lagoon Dredge & Conduits	0	113,300	0	0	0	0
CCTV Van (portable and push camera)	70,000	0	0	0	0	0
Install Screen Headworks at Plant #2	25,000	0	0	245,900	0	0
Minor Rehab to Piping at Plant #1	20,000	0	244,000	0	0	0
Outfall Diffuser Repairs	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Additional Projects and Maintenance	640,000	113,300	244,000	245,900	148,600	0
Other Master Plan Projects						
Emergency Storage Drain to Pump Sta. W	0	0	0	0	0	86,900
Solids Handling Improvements	0	0	0	0	0	208,700
WAS Pumps and Check Valves Replacement	0	0	0	0	0	124,000
Collection System Pump Stations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,600</u>	<u>0</u>
Total Other Master Plan Projects	0	0	0	0	202,600	419,600
Mainline Piping Replacement	0	0	0	0	281,400	0
Admin Projects						
Cyber Security	0	92,700	0	0	67,500	0
New Truck	<u>0</u>	<u>0</u>	<u>21,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Admin Projects	0	92,700	21,200	0	67,500	0
Total Capital Improvements	1,220,500	989,200	8,609,100	5,102,300	1,036,600	419,600
Total Net Revenues	2,447,900	6,631,100	(7,238,800)	(3,732,000)	583,700	1,200,700
Ending Balance	6,330,900	12,962,000	5,723,200	1,991,200	2,574,900	3,775,600

Note: This table does not designate which projects are repair and rehabilitation projects and which are expansion projects to meet the needs of new development. Capacity fee revenues can only be used to fund expansion projects and are estimated based on 34 EDUs in FY2019/20 and 10 new EDUs per year thereafter.

Table 11: Wastewater Operating Cash Flows – OPTION 3: \$7.5M
Town of Discovery Bay
Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Beginning balance	\$4,387,000	\$3,326,400	\$4,804,400	\$4,569,300	\$4,379,500	\$3,983,400
Rate Increase		1.80%	1.80%	1.80%	1.80%	1.80%
Revenues						
Wastewater service						
Zone 9 Reimbursement	243,000	243,000	243,000	243,000	243,000	243,000
Other & Misc	17,300	17,300	17,300	17,300	17,300	17,300
Property Taxes (unmetered)	6,021,200	6,129,600	6,239,900	6,352,200	6,466,500	6,582,900
New Customers	0	(27,000)	(20,000)	(14,000)	(7,000)	0
Vacant	13,900	24,100	34,700	45,700	57,100	68,900
Metered sewer flow	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>
Total revenues	6,312,400	6,404,000	6,531,900	6,661,200	6,793,900	6,929,100
% increase in expenses			3.0%	3.0%	3.0%	3.0%
Expenses						
Operating Expenses						
Admin & Inter Govt. & Board	332,000	450,000	450,000	464,000	478,000	492,000
Staffing & Consulting Serv	593,000	1,090,000	1,090,000	1,090,000	1,090,000	1,090,000
Operations & Maint	334,000	538,000	554,000	571,000	588,000	606,000
Utilities	536,000	673,000	693,000	714,000	735,000	757,000
Service Contract	<u>977,000</u>	<u>1,075,000</u>	<u>1,107,000</u>	<u>1,140,000</u>	<u>1,175,000</u>	<u>1,210,000</u>
Total Operating Expenses	2,772,000	3,826,000	3,894,000	3,979,000	4,066,000	4,155,000
Net Operating Revenues	3,540,400	2,578,000	2,637,900	2,682,200	2,727,900	2,774,100
Debt Service [1]						
2012 Bonds Debt Service	741,000	743,000	744,000	740,000	745,000	743,000
2017 Bonds Debt Service	360,000	357,000	354,000	357,000	354,000	355,000
New Debt	<u>0</u>	<u>0</u>	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>
Total Debt Service	1,101,000	1,100,000	1,623,000	1,622,000	1,624,000	1,623,000
Debt Service Coverage	3.22	2.34	1.63	1.65	1.68	1.71
Total Expenses	3,873,000	4,926,000	5,517,000	5,601,000	5,690,000	5,778,000
Net Revenues	2,439,400	1,478,000	1,014,900	1,060,200	1,103,900	1,151,100
Transfer to Capital Fund	3,500,000	0	1,250,000	1,250,000	1,500,000	1,500,000
O&M Ending balance	3,326,400	4,804,400	4,569,300	4,379,500	3,983,400	3,634,500
O&M Minimum balance target [3]	924,000	1,275,000	1,298,000	1,326,000	1,355,000	1,385,000

1 - Based on year ended December 1

2 - Estimated at an average rate of 4.15% over a 30-year term based on current interest costs and yield curves, and debt service beginning the following year (rough planning estimate)

3 - 4 months O&M expenses

Table 12: Proposed Wastewater Rates and Charges - OPTION 4: \$10M

**Town of Discovery Bay
Wastewater Rate Study**

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU	\$82.55	\$990.63	\$83.32	\$999.84	\$84.57	\$1,014.84	\$85.84	\$1,030.08	\$87.13	\$1,045.56	\$88.44	\$1,061.28
Multiple Family/Condos - Each DU	\$61.92	\$743.03	\$63.96	\$767.54	\$66.07	\$792.87	\$68.25	\$819.03	\$70.50	\$846.05	\$72.83	\$873.96
Vacant	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00
Nonresidential Metered	Use (\$/ccf)											
Business/Government/Clubs	\$5.734		\$6.030		\$6.342		\$6.669		\$7.014		\$7.376	
Restaurants/Bars/Dining Facilities	\$16.793		\$17.257		\$17.733		\$18.222		\$18.725		\$19.242	
Schools	\$5.161		\$5.447		\$5.749		\$6.068		\$6.405		\$6.760	
Other Domestic Strength Users	\$5.734		\$6.030		\$6.342		\$6.669		\$7.014		\$7.376	

DU = Dwelling Unit

ccf = 100 cubic feet = 748 gallons

WASTEWATER	Proposed FY 2019/20		Proposed FY 2020/21		Proposed FY 2021/22		Proposed FY 2022/23		Proposed FY 2023/24		Proposed FY 2024/25	
	Monthly (\$/month)	Yearly (\$/year)										
Residential Unmetered												
Single Family - Each DU			0.9%	0.9%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Multiple Family/Condos - Each DU			3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Vacant			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nonresidential Metered			Use (\$/ccf)									
Business/Government/Clubs			5%		5%		5%		5%		5%	
Restaurants/Bars/Dining Facilities			3%		3%		3%		3%		3%	
Schools			6%		6%		6%		6%		6%	
Other Domestic Strength Users			5%		5%		5%		5%		5%	

DU = Dwelling Unit

ccf = 100 cubic feet = 748 gallons

Table 13: Wastewater Capital Cash Flows - OPTION 4: \$10M
Town of Discovery Bay
Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Emergency Reserves	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600
Infrastructure Replacement	<u>2,082,400</u>	<u>4,530,300</u>	<u>14,261,400</u>	<u>6,372,600</u>	<u>1,990,600</u>	<u>1,674,300</u>
Beginning Balance	3,883,000	6,330,900	16,062,000	8,173,200	3,791,200	3,474,900
Revenues						
Capacity Fees (\$12,030/EDU)	168,400	120,300	120,300	120,300	120,300	120,300
Transfer from Operating	3,500,000	600,000	600,000	600,000	600,000	600,000
New Debt Proceeds	<u>0</u>	<u>10,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	3,668,400	10,720,300	720,300	720,300	720,300	720,300
Capital Improvements						
WWTP Plant 1 Refurbishment	192,100	183,500	3,707,500	390,200	0	0
Denitrification	383,400	440,000	4,265,100	4,466,200	0	0
Lift Stations						
Lift Stations J, S, H	0	154,500	0	0	0	0
Lift Stations A, C, D, E	<u>0</u>	<u>0</u>	<u>212,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Lift Stations	0	154,500	212,200	0	0	0
Clarifier Rehab						
Plant 2 Clarifier #3 Rehabilitation	5,000	5,200	148,500	0	0	0
Clarifier 1 & 2 RAS Pump and Check Valves	0	0	0	0	336,500	0
Clarifier #4 Repair (cement)	<u>0</u>	<u>0</u>	<u>10,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Clarifier Rehab	5,000	5,200	159,100	0	336,500	0
Additional Projects and Maintenance						
Plant 2 RAS & WAS Pumping System	25,000	0	0	0	148,600	0
Replace Lagoon Dredge & Conduits	0	113,300	0	0	0	0
CCTV Van (portable and push camera)	70,000	0	0	0	0	0
Install Screen Headworks at Plant #2	25,000	0	0	245,900	0	0
Minor Rehab to Piping at Plant #1	20,000	0	244,000	0	0	0
Outfall Diffuser Repairs	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Additional Projects and Maintenance	640,000	113,300	244,000	245,900	148,600	0
Other Master Plan Projects						
Emergency Storage Drain to Pump Sta. W	0	0	0	0	0	86,900
Solids Handling Improvements	0	0	0	0	0	208,700
WAS Pumps and Check Valves Replacement	0	0	0	0	0	124,000
Collection System Pump Stations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,600</u>	<u>0</u>
Total Other Master Plan Projects	0	0	0	0	202,600	419,600
Mainline Piping Replacement	0	0	0	0	281,400	0
Admin Projects						
Cyber Security	0	92,700	0	0	67,500	0
New Truck	<u>0</u>	<u>0</u>	<u>21,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Admin Projects	0	92,700	21,200	0	67,500	0
Total Capital Improvements	1,220,500	989,200	8,609,100	5,102,300	1,036,600	419,600
Total Net Revenues	2,447,900	9,731,100	(7,888,800)	(4,382,000)	(316,300)	300,700
Ending Balance	6,330,900	16,062,000	8,173,200	3,791,200	3,474,900	3,775,600

Note: This table does not designate which projects are repair and rehabilitation projects and which are expansion projects to meet the needs of new development. Capacity fee revenues can only be used to fund expansion projects and are estimated based on 34 EDUs in FY2019/20 and 10 new EDUs per year thereafter.

Table 14: Wastewater Operating Cash Flows – OPTION 4: \$10M
Town of Discovery Bay
Wastewater Rate Study

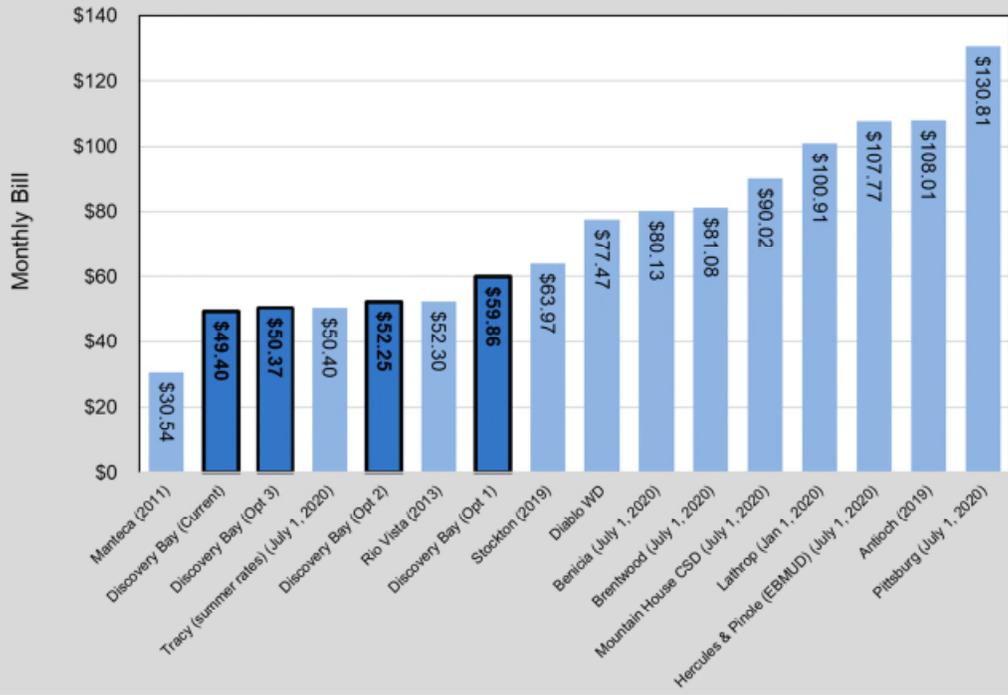
	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Beginning balance	\$4,387,000	\$3,326,400	\$4,186,200	\$4,388,200	\$4,616,000	\$4,866,400
Rate Increase		1.50%	1.50%	1.50%	1.50%	1.50%
Revenues						
Wastewater service						
Zone 9 Reimbursement	243,000	243,000	243,000	243,000	243,000	243,000
Other & Misc	17,300	17,300	17,300	17,300	17,300	17,300
Property Taxes (unmetered)	6,021,200	6,111,500	6,203,200	6,296,200	6,390,600	6,486,500
New Customers	0	(27,000)	(21,000)	(15,000)	(9,000)	0
Vacant	13,900	24,000	34,500	45,300	56,500	67,900
Metered sewer flow	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>
Total revenues	6,312,400	6,385,800	6,494,000	6,603,800	6,715,400	6,831,700
% increase in expenses			3.0%	3.0%	3.0%	3.0%
Expenses						
Operating Expenses						
Admin & Inter Govt. & Board	332,000	450,000	450,000	464,000	478,000	492,000
Staffing & Consulting Serv	593,000	1,090,000	1,090,000	1,090,000	1,090,000	1,090,000
Operations & Maint	334,000	538,000	554,000	571,000	588,000	606,000
Utilities	536,000	673,000	693,000	714,000	735,000	757,000
Service Contract	<u>977,000</u>	<u>1,075,000</u>	<u>1,107,000</u>	<u>1,140,000</u>	<u>1,175,000</u>	<u>1,210,000</u>
Total Operating Expenses	2,772,000	3,826,000	3,894,000	3,979,000	4,066,000	4,155,000
Net Operating Revenues	3,540,400	2,559,800	2,600,000	2,624,800	2,649,400	2,676,700
Debt Service [1]						
2012 Bonds Debt Service	741,000	743,000	744,000	740,000	745,000	743,000
2017 Bonds Debt Service	360,000	357,000	354,000	357,000	354,000	355,000
New Debt	<u>0</u>	<u>0</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
Total Debt Service	1,101,000	1,100,000	1,798,000	1,797,000	1,799,000	1,798,000
Debt Service Coverage	3.22	2.33	1.45	1.46	1.47	1.49
Total Expenses	3,873,000	4,926,000	5,692,000	5,776,000	5,865,000	5,953,000
Net Revenues	2,439,400	1,459,800	802,000	827,800	850,400	878,700
Transfer to Capital Fund	3,500,000	600,000	600,000	600,000	600,000	600,000
O&M Ending balance	3,326,400	4,186,200	4,388,200	4,616,000	4,866,400	5,145,100
O&M Minimum balance target [3]	924,000	1,275,000	1,298,000	1,326,000	1,355,000	1,385,000

1 - Based on year ended December 1

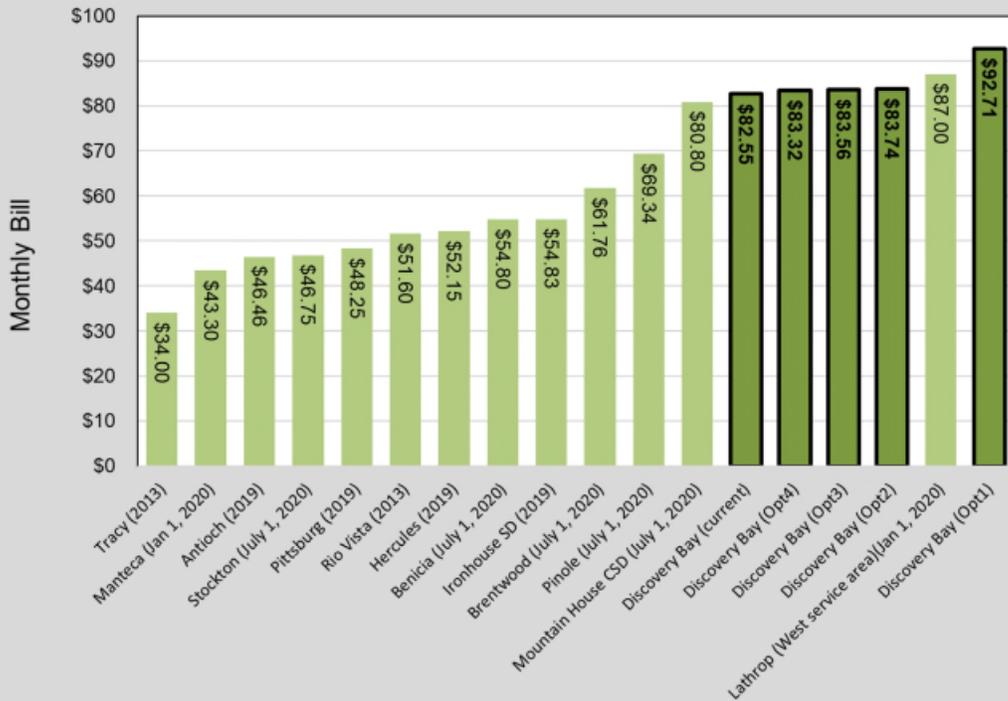
2 - Estimated at an average rate of 4.15% over a 30-year term based on current interest costs and yield curves, and debt service beginning the following year (rough planning estimate)

3 - 4 months O&M expenses

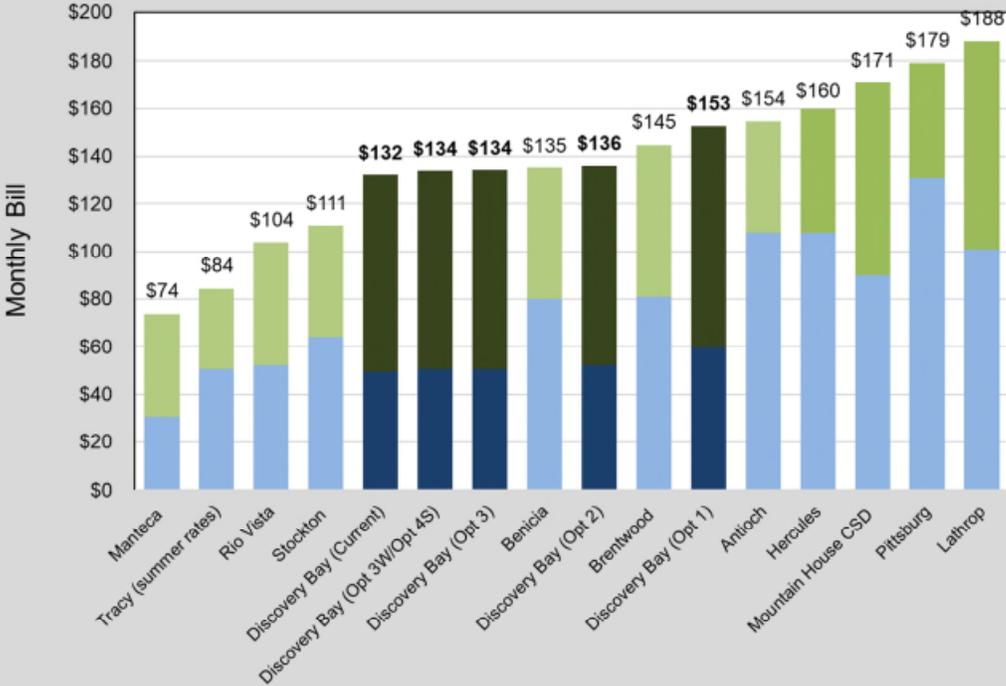
Single Family Residential Water Bill Survey (1" meter, 13 ccf monthly use)



Single Family Residential Wastewater Bill Survey



Single Family Residential Water and Wastewater Bill Survey





Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 18, 2020

Prepared By: Julie Carter, Finance Manager
Submitted By: Michael R. Davies, General Manager

Agenda Title

Discussion and Possible Action to Accept Audited Financial Statements for FY 2018-2019.

Recommended Action

Accept Audited Financial Statements for FY 2018-2019.

Executive Summary

Croce, Sanguinetti and Vandeer Veen conducted the Annual Audit for FY19 in January 2020 and have subsequently prepared Audited Financial Statements for review by the Board.

Fiscal Impact:

Amount Requested

Sufficient Budgeted Funds Available? (If no, see attached fiscal analysis)

Prog/Fund # Category:

Previous Relevant Board Actions for This Item

Attachments

AGENDA ITEM: F-1



**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2019

Working Draft



CROCE, SANGUINETTI, & VANDER VEEN

INC.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To the Board of Directors
Town of Discovery Bay Community
Services District
Discovery Bay, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Town of Discovery Bay Community Services District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
March 6, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2019

This narrative overview and analysis of the Town of Discovery Bay Community Services District's (District) financial activities for the fiscal year ended June 30, 2019 has been provided by the management of the District. The management's discussion and analysis is intended to serve as an introduction to the District's financial statements which follow this section and is recommended to be reviewed in conjunction with them.

Financial Highlights

- The District's net position increased by \$2,377,229 over the prior year, including a \$1,163,552 increase in net position of governmental activities, and a \$1,213,677 increase in net position of business-type activities. The District's net position is now \$49,268,173.
- Total assets of the District were \$71,253,702 with capital assets at \$48,897,628 net of accumulated depreciation. Current, non-current and other assets were \$22,356,074.
- Total liabilities were \$21,985,529 consisting of long-term liabilities of \$21,005,467 and other current liabilities of \$980,062.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$49,268,173 (net position). Of this amount, \$21,315,545 (unrestricted net position) may be used to meet the District's ongoing obligations, and \$27,952,628 is net investment in capital assets.
- On the current financial resources basis, the District's governmental fund revenues exceeded expenditures (including \$182,662 in capital outlay expenditures) by \$1,223,166. The proprietary fund revenues exceeded expenses by \$1,213,677.
- At year-end, there was \$2,113,140 in cash and investments to fund future governmental activities, and \$18,807,182 in cash and investments to fund future business-type activities.

Overview of the Financial Statements

The District's financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to financial statements including required supplementary information.

Government-wide and fund financial statements present the results of operations for different functions of the District as follows:

1. **Government-wide financial statements** provide both long-term and short-term information about the District's overall financial position in a manner similar to private-sector business.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2019

Overview of the Financial Statements (Continued)

The **Statement of Net Position** displays all of the District's assets and liabilities, with the difference between the two reported as net position. The **Statement of Activities** provides all current year revenues and expenses on an accrual basis of accounting regardless of when cash is received or paid. These two government-wide statements report the District's net position and how they have changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The government-wide financial statements separately present the District's functions as follows:

- **Governmental activities** include services financed mainly through property taxes. The District's general, lighting and landscaping and community center services comprise its governmental activities.
 - **Business-type activities** include services financed, in whole or in part, by fees paid by those who directly benefit from the service. The District's business-type activities include providing water and wastewater services to the residents of the District.
2. **Fund financial statements** focus on the individual functions of the District, and report the District's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to control their resources that are legally restricted or otherwise earmarked for special purposes. The District reports its fund financial statements in the following two categories:
- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 1) short-term inflows and outflows of expendable resources, and 2) the resources remaining at the end of the fiscal year that are available for future use. Because the focus of governmental funds is narrower than the government-wide financial statements, a reconciliation that explains the relationship (or differences) between them is presented following each of the governmental fund statements.
 - **Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements in more detail.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2019

Financial Analysis of the Government-wide Financial Statements

A review of net position over time may serve as a useful indicator of the District's financial position. Net position represents the difference between the District's assets and liabilities. As of June 30, 2019, the District's net position was \$49,268,173, an increase of \$2,377,229 from prior year. The following table outlines the District's net position by function for the current and prior fiscal years.

Town of Discovery Bay Community Services District Net Position
(rounded to the nearest dollar)
As of June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Variance</u> \$
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Assets</u>							
Current and other assets	\$ 2,341,315	\$ 1,658,503	\$ 19,441,435	\$ 16,460,202	\$ 21,782,750	\$ 18,118,705	\$ 3,664,045
Non-current assets	525,102	-	48,222	50,319	573,324	50,319	523,005
Capital assets, net	<u>2,029,615</u>	<u>2,086,151</u>	<u>46,868,013</u>	<u>49,218,041</u>	<u>48,897,628</u>	<u>51,304,192</u>	<u>(2,406,564)</u>
Total assets	<u>4,896,032</u>	<u>3,744,654</u>	<u>66,357,670</u>	<u>65,728,562</u>	<u>71,253,702</u>	<u>69,473,216</u>	<u>1,780,486</u>
<u>Liabilities</u>							
Current liabilities	135,722	150,974	844,340	904,598	980,062	1,055,572	(75,510)
Non-current liabilities	<u>13,970</u>	<u>10,892</u>	<u>20,991,497</u>	<u>21,515,808</u>	<u>21,005,467</u>	<u>21,526,700</u>	<u>(521,233)</u>
Total liabilities	<u>149,692</u>	<u>161,866</u>	<u>21,835,837</u>	<u>22,420,406</u>	<u>21,985,529</u>	<u>22,582,272</u>	<u>(596,743)</u>
<u>Net Position</u>							
Invested in capital assets	2,029,615	2,086,151	25,923,013	27,783,041	27,952,628	29,869,192	(1,916,564)
Unrestricted	<u>2,716,725</u>	<u>1,496,637</u>	<u>18,598,820</u>	<u>15,525,115</u>	<u>21,315,545</u>	<u>17,021,752</u>	<u>4,293,793</u>
Total net position	<u>\$ 4,746,340</u>	<u>\$ 3,582,788</u>	<u>\$ 44,521,833</u>	<u>\$ 43,308,156</u>	<u>\$ 49,268,173</u>	<u>\$ 46,890,944</u>	<u>\$ 2,377,229</u>

By far the largest portion of the District's net position (57%) reflects its net capital assets (e.g., land, buildings and improvements, equipment, etc.). The District uses its capital assets to provide the services it is responsible for and those assets don't represent future expendable resources. The second largest portion of the District's net position, approximately 43%, reflects its unrestricted net position, which may be used to meet the government's ongoing obligations.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2019

Financial Analysis of the Government-wide Financial Statements (Continued)

The following table displays the change in the District's net position for the year ended June 30, 2019.

Town of Discovery Bay Community Services District Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 140,153	\$ 142,679	\$10,182,000	\$ 9,903,251	\$10,322,153	\$10,045,930
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	1,312,755	-	-	-	1,312,755	-
General revenues						
Property taxes	679,564	648,145	-	-	679,564	648,145
Assessments	133,680	133,676	-	-	133,680	133,676
Investment income	-	-	4,438	10,689	4,438	10,689
Other	252,885	315,418	174,221	168,248	427,106	483,666
Total revenues	<u>2,519,137</u>	<u>1,239,918</u>	<u>10,360,659</u>	<u>10,082,188</u>	<u>12,879,696</u>	<u>11,322,106</u>
Expenses						
General government	154,905	120,854	-	-	154,905	120,854
Community center	2,110	2,110	-	-	2,110	2,110
Lighting and landscaping						
Zone 8	1,042,642	989,937	-	-	1,042,642	989,937
Lighting and landscaping						
Zone 9	119,018	97,040	-	-	119,018	97,040
Water	-	-	3,325,682	3,412,240	3,325,682	3,412,240
Sewer	-	-	5,028,413	5,266,022	5,028,413	5,266,022
Financing authority	-	-	829,697	876,290	829,697	876,290
Total expenses	<u>1,318,675</u>	<u>1,209,941</u>	<u>9,183,792</u>	<u>9,554,552</u>	<u>10,502,467</u>	<u>10,764,493</u>
Transfers	<u>(36,810)</u>	<u>(133,586)</u>	<u>36,810</u>	<u>133,586</u>	<u>-</u>	<u>-</u>
Change in net position	1,163,552	(103,609)	1,213,677	661,222	2,377,229	557,613
Net position, beginning of year	<u>3,582,788</u>	<u>3,686,397</u>	<u>43,308,156</u>	<u>42,646,934</u>	<u>46,890,944</u>	<u>46,333,331</u>
Net position, end of year	<u>\$ 4,746,340</u>	<u>\$ 3,582,788</u>	<u>\$44,521,833</u>	<u>\$43,308,156</u>	<u>\$49,268,173</u>	<u>\$46,890,944</u>

The \$2,377,229 increase in net position is attributed to each function as follows:

Governmental Activities

- Capital grants and contributions totaling \$1,312,755 were received from the Hofmann Land Development Company.
- Property tax revenue increased by \$31,415 due to an increase in assessed values of properties during the year related to more positive economic conditions than in the past.
- Other revenue decreased by \$62,533 due to a decrease in reimbursements.
- Expenses increased \$108,734 (9%) due to an increase in repairs and maintenance and facility maintenance-landscaping related expenses.

(Continued)

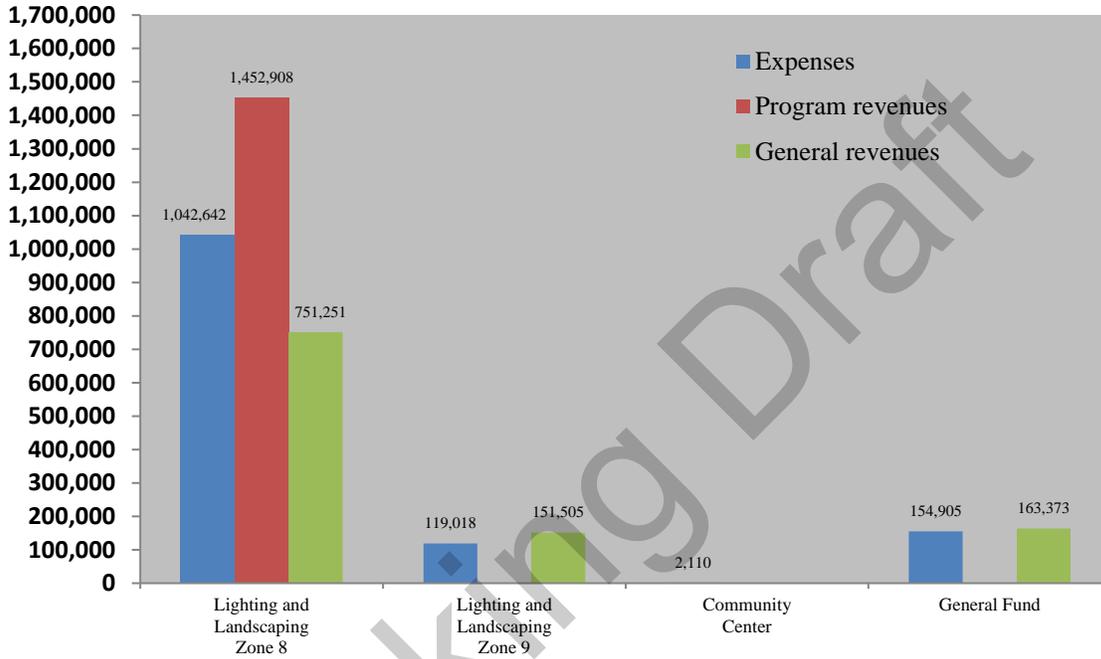
TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management’s Discussion and Analysis

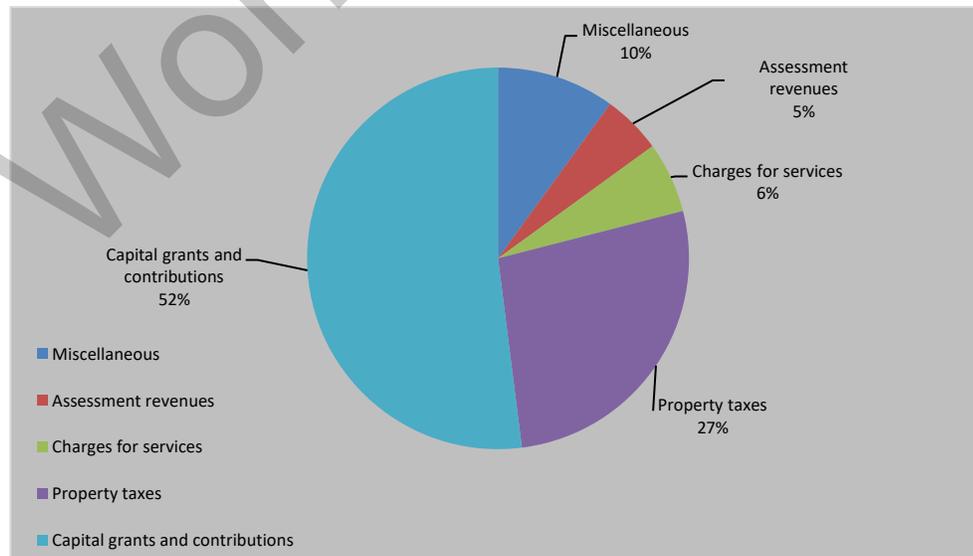
June 30, 2019

Financial Analysis of the Government-wide Financial Statements (Continued)

Expenses and Revenues - Governmental Activities



Revenues by Source - Governmental Activities



(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

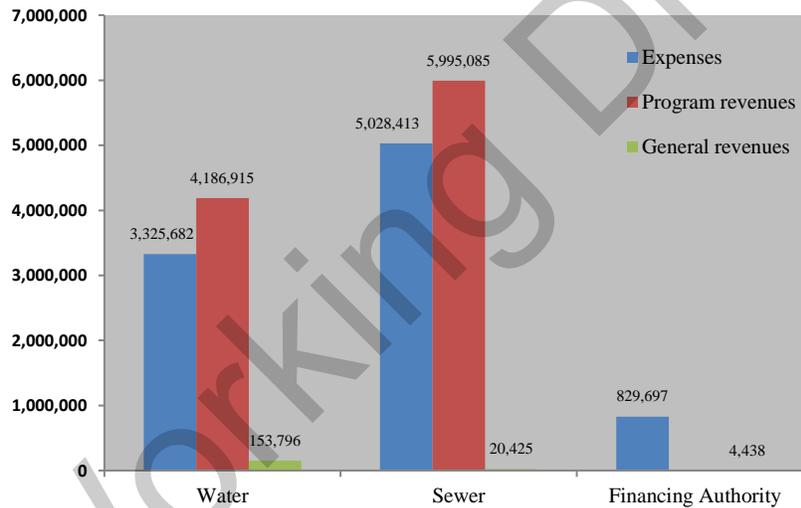
June 30, 2019

Financial Analysis of the Government-wide Financial Statements (Continued)

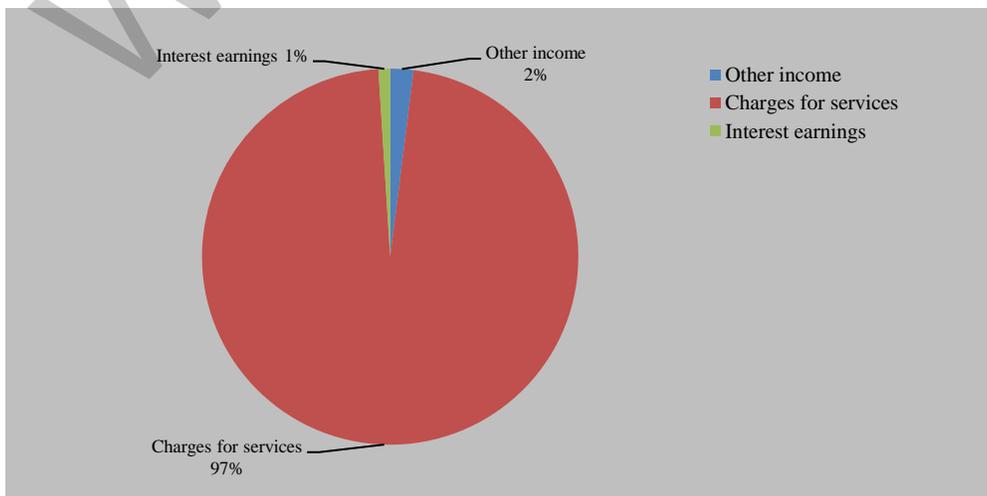
Business-type Activities

- Charges for services increased \$278,749 (3%) due to an increase in water and sewer rates and connection fees.
- Other revenues increased \$5,973 (4%) due to an increase in reimbursement revenue.
- Expenses decreased \$370,760 (4%) primarily due to a decrease in professional fees, chemicals, supplies, and loss on asset disposals.

Expenses and Revenues - Business-type Activities



Revenues by Source - Business-type Activities



TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2019

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on the short-term inflows and outflows and balances of current expendable resources. In particular, the *unassigned fund balance* presented in the balance sheet may serve as a useful measure of the District's resources available for spending at the end of its fiscal year.

As of the end of the current fiscal year, the District's combined governmental fund revenues exceeded expenditures by \$1,223,166 primarily due to increased revenues and decreased expenditures. This resulted in a \$1,223,166 increase in the combined ending fund balance of the District's governmental funds. The fund balance of the Lighting and Landscaping Zone 8 fund increased by \$1,284,862, the fund balance of the Lighting and Landscaping Zone 9 fund increased by \$12,620, the fund balance of the community center fund decreased by \$92,230, and the fund balance of the general fund increased by \$17,914. At year-end, the combined fund balance of the governmental funds was \$2,730,695, consisting of committed and unassigned funds.

Proprietary Funds

The District's proprietary fund statements provide the same type of information, in more detail, on the business-type activities presented in the government-wide financial statements.

The net position of the proprietary funds increased by \$1,213,677 from \$43,308,156 to \$44,521,833. The net position included \$18,598,820 in unrestricted net position which has increased by \$3,073,705 or 20% from the previous year. The increase in unrestricted net position is primarily due to an increase in operating revenues and decreased expenditures.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District's investment in capital assets amounted to \$27,952,628 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, structures and improvements, and treatment and collection.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2019

Capital Asset and Debt Administration (Continued)

The District's total investment in capital assets before depreciation increased by \$435,047 from \$69,562,252 to \$69,997,299. Significant additions to capital assets included:

- Water Treatment Plant - Newport SCADA Upgrade Project (\$188,139)
- Willow Lake Water Treatment Facility - Well #2 Pump Replacement (\$59,593)
- Wastewater Treatment Operations and Maintenance Manual (\$76,389)
- L&L #8 and L&L #9 - Utility Tractor with Spreader and Aeration Components (\$45,450)
- Community Center Pool Renovation Project (\$131,109)

The following table displays the changes in District's capital assets, net of accumulated depreciation.

Town of Discovery Bay Community Services District's Capital Assets
(net of depreciation, in rounded dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 415,930	\$ 415,930	\$ 307,000	\$ 307,000	\$ 722,930	\$ 722,930
Buildings and improvements	3,036,441	3,093,441	700,440	700,440	3,736,881	3,793,881
Treatment and collection	-	-	53,992,519	54,043,561	53,992,519	54,043,561
Structure and improvements	-	-	9,141,916	9,143,107	9,141,916	9,143,107
Equipment	338,501	293,051	883,333	868,893	1,221,834	1,161,944
Office furniture and equipment	15,307	15,307	105,583	105,467	120,890	120,774
Vehicles	80,133	80,133	412,999	412,999	493,132	493,132
Construction in progress	131,109	-	436,088	82,923	567,197	82,923
Total	4,017,421	3,897,862	65,979,878	65,664,390	69,997,299	69,562,252
Less accumulated depreciation	<u>(1,987,806)</u>	<u>(1,811,711)</u>	<u>(19,111,865)</u>	<u>(16,446,349)</u>	<u>(21,099,671)</u>	<u>(18,258,060)</u>
Net capital assets	<u>\$ 2,029,615</u>	<u>\$ 2,086,151</u>	<u>\$46,868,013</u>	<u>\$49,218,041</u>	<u>\$48,897,628</u>	<u>\$ 51,304,192</u>

Additional information on the District's capital assets can be found in Note F of the "Notes to Financial Statements" section.

Debt Administration

At June 30, 2019, the District had \$20,945,000 in debt outstanding as compared to \$21,435,000 for the prior year. During fiscal year 2014, the District received Series 2012 Enterprise Revenue Bonds to finance the acquisition and construction of certain improvements to the water and wastewater systems. During fiscal year 2017, the District received series 2017 Enterprise Revenue Bonds to finance the costs of certain improvements to the water and wastewater enterprise systems. Additional information regarding the District's debt can be found in Note G of this report.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2019

Economic Factors and Next Year's Budgets and Rates

The District has experienced moderate growth which is expected to continue over the next 3-5 years. This growth will further create demand for water and wastewater services and additional capital facilities. These demands have been addressed in the District's capital improvement program. The District is currently in the process of reviewing rates for water and wastewater services to evaluate the District's financial needs and rate structure.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's financial accountability and compliance with applicable laws for all those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information can be addressed to Town of Discovery Bay Community Services District, Attention: General Manager, 1800 Willow Lake Road, Discovery Bay, California 94505.

BASIC FINANCIAL STATEMENTS

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2019

	<u>Governmental</u> <u>activities</u>	<u>Business-type</u> <u>activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 2,113,140	\$ 18,807,182	\$ 20,920,322
Accounts receivable, net of allowance for doubtful accounts	81,183	442,233	523,416
Advances on taxes	4,637	832	5,469
Note receivable	131,276	-	131,276
Prepaid expenses	6,500	191,188	197,688
Inventory	4,579	-	4,579
Non-current assets:			
Note receivable	525,102	-	525,102
Debt issuance costs-prepaid insurance, net	-	48,222	48,222
Capital assets, net of accumulated depreciation	<u>2,029,615</u>	<u>46,868,013</u>	<u>48,897,628</u>
Total assets	<u>4,896,032</u>	<u>66,357,670</u>	<u>71,253,702</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Current liabilities:			
Accounts payable	124,929	251,671	376,600
Accrued payroll	10,793	15,068	25,861
Interest payable	-	71,161	71,161
Other accrued liabilities	-	1,440	1,440
Bonds payable-current	-	505,000	505,000
Non-current liabilities:			
Compensated absences	13,970	40,244	54,214
Bonds payable	-	20,440,000	20,440,000
Unamortized bond premium	<u>-</u>	<u>511,253</u>	<u>511,253</u>
Total liabilities	<u>149,692</u>	<u>21,835,837</u>	<u>21,985,529</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net investment in capital assets	2,029,615	25,923,013	27,952,628
Unrestricted	<u>2,716,725</u>	<u>18,598,820</u>	<u>21,315,545</u>
Total net position	<u>\$ 4,746,340</u>	<u>\$ 44,521,833</u>	<u>\$ 49,268,173</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Statement of Activities

For the year ended June 30, 2019

		Program revenues		
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities				
General government	\$ 154,905	\$ -	\$ -	\$ -
Community center	2,110	-	-	-
Lighting and landscaping Zone 8	1,042,642	140,153	-	1,312,755
Lighting and landscaping Zone 9	<u>119,018</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>1,318,675</u>	<u>140,153</u>	<u>-</u>	<u>1,312,755</u>
Business-type activities				
Water	3,325,682	4,186,915	-	-
Sewer	5,028,413	5,995,085	-	-
Financing Authority	<u>829,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>9,183,792</u>	<u>10,182,000</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 10,502,467</u>	<u>\$ 10,322,153</u>	<u>\$ -</u>	<u>\$ 1,312,755</u>

General revenues

Taxes

Property taxes

Homeowners property tax relief

Other income

Assessments

Investment income

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Net (expense) revenue and changes in net position

<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
\$ (154,905)	\$ -	\$ (154,905)
(2,110)	-	(2,110)
410,266	-	410,266
<u>(119,018)</u>	<u>-</u>	<u>(119,018)</u>
 <u>134,233</u>	 <u>-</u>	 <u>134,233</u>
 -	861,233	861,233
-	966,672	966,672
<u>-</u>	<u>(829,697)</u>	<u>(829,697)</u>
 <u>-</u>	 <u>998,208</u>	 <u>998,208</u>
 <u>134,233</u>	 <u>998,208</u>	 <u>1,132,441</u>
 675,427	-	675,427
4,137	-	4,137
252,885	174,221	427,106
133,680	-	133,680
-	4,438	4,438
<u>(36,810)</u>	<u>36,810</u>	<u>-</u>
 <u>1,029,319</u>	 <u>215,469</u>	 <u>1,244,788</u>
1,163,552	1,213,677	2,377,229
<u>3,582,788</u>	<u>43,308,156</u>	<u>46,890,944</u>
 <u>\$ 4,746,340</u>	 <u>\$ 44,521,833</u>	 <u>\$ 49,268,173</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2019

	General fund	Special revenue funds			Total governmental funds
		Community center	Lighting and landscaping Zone 8	Lighting and landscaping Zone 9	
Assets					
Cash and investments	\$ 175,325	\$ 338,756	\$ 1,278,472	\$ 320,587	\$ 2,113,140
Note receivable	-	-	656,378	-	656,378
Accounts receivable	81,183	-	-	-	81,183
Advances on taxes	-	-	4,637	-	4,637
Prepaid expenses	-	-	5,300	1,200	6,500
Inventory	-	4,579	-	-	4,579
Total assets	<u>\$ 256,508</u>	<u>\$ 343,335</u>	<u>\$ 1,944,787</u>	<u>\$ 321,787</u>	<u>\$ 2,866,417</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 3,109	\$ -	\$ 99,210	\$ 22,610	\$ 124,929
Accrued payroll	<u>1,177</u>	<u>-</u>	<u>9,116</u>	<u>500</u>	<u>10,793</u>
Total liabilities	<u>4,286</u>	<u>-</u>	<u>108,326</u>	<u>23,110</u>	<u>135,722</u>
Fund balances					
Committed to:					
Community center	-	343,335	-	-	343,335
Lighting and landscaping Zone 8	-	-	1,836,461	-	1,836,461
Lighting and landscaping Zone 9	-	-	-	298,677	298,677
Unassigned	<u>252,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,222</u>
Total fund balances	<u>252,222</u>	<u>343,335</u>	<u>1,836,461</u>	<u>298,677</u>	<u>2,730,695</u>
Total liabilities and fund balances	<u>\$ 256,508</u>	<u>\$ 343,335</u>	<u>\$ 1,944,787</u>	<u>\$ 321,787</u>	<u>\$ 2,866,417</u>

Reconciliation to statement of net position

Total governmental fund balances	\$ 2,730,695
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,029,615
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the balance sheet of governmental funds	<u>(13,970)</u>
Net position of governmental activities	<u>\$ 4,746,340</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

For the year ended June 30, 2019

	Special revenue funds				Total governmental funds
	General fund	Community center	Lighting and landscaping Zone 8	Lighting and landscaping Zone 9	
Revenues					
Contributions	\$ -	\$ -	\$ 1,312,755	\$ -	\$ 1,312,755
Property taxes	-	-	675,427	-	675,427
Reimbursements	163,373	-	71,301	17,825	252,499
Other	-	-	140,539	-	140,539
Assessment income	-	-	-	133,680	133,680
Homeowners property tax relief	-	-	4,137	-	4,137
Total revenues	<u>163,373</u>	<u>-</u>	<u>2,204,159</u>	<u>151,505</u>	<u>2,519,037</u>
Expenditures					
Payroll	85,959	-	345,813	28,137	459,909
Utilities	-	-	185,419	26,878	212,297
Repairs and maintenance	44,195	-	128,447	18,031	190,673
Other	-	-	133,158	28,740	161,898
Professional fees	24,750	-	18,772	2,200	45,722
Insurance	-	-	5,735	165	5,900
Capital outlay	-	-	164,482	18,180	182,662
Total expenditures	<u>154,904</u>	<u>-</u>	<u>981,826</u>	<u>122,331</u>	<u>1,259,061</u>
Excess of revenues over expenditures	<u>8,469</u>	<u>-</u>	<u>1,222,333</u>	<u>29,174</u>	<u>1,259,976</u>
Other financing sources (uses)					
Operating transfers in	157,320	-	310,566	31,512	499,398
Operating transfers out	(147,875)	(92,230)	(248,037)	(48,066)	(536,208)
Total other financing sources (uses)	<u>9,445</u>	<u>(92,230)</u>	<u>62,529</u>	<u>(16,554)</u>	<u>(36,810)</u>
Net change in fund balances	17,914	(92,230)	1,284,862	12,620	1,223,166
Fund balances, beginning of year	<u>234,308</u>	<u>435,565</u>	<u>551,599</u>	<u>286,057</u>	<u>1,507,529</u>
Fund balances, end of year	<u>\$ 252,222</u>	<u>\$ 343,335</u>	<u>\$ 1,836,461</u>	<u>\$ 298,677</u>	<u>\$ 2,730,695</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities**

For the year ended June 30, 2019

Net change in fund balances - governmental funds	\$ 1,223,166
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.	(194,522)
Governmental funds report capital outlays as expenditures while governmental activities record depreciation expense to allocate those expenditures over the life of the assets.	182,662
Governmental funds recognize the entire proceeds from the sale of capital assets, but the governmental activities reflect only the gain or loss on the sale of capital assets.	(44,676)
Changes in compensated absences are recorded as an expense in the statement of activities, but are not reported in the funds.	<u>(3,078)</u>
Change in net position of governmental activities	<u>\$ 1,163,552</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Net Position
Proprietary Funds**

June 30, 2019

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Financing Authority fund</u>	<u>Total</u>
<u>Assets and Deferred Outflows of Resources</u>				
Current assets				
Cash and investments	\$ 5,604,194	\$13,025,388	\$ 177,600	\$18,807,182
Accounts receivable, net	430,258	11,975	-	442,233
Interest receivable	-	-	71,161	71,161
Prepaid expenses	70,442	120,746	-	191,188
Advances on taxes	<u>333</u>	<u>499</u>	-	<u>832</u>
Total current assets	<u>6,105,227</u>	<u>13,158,608</u>	<u>248,761</u>	<u>19,512,596</u>
Non-current assets				
Debt issuance cost - prepaid insurance	-	-	48,222	48,222
Debt service - installment receivable	-	-	20,945,000	20,945,000
Capital assets, net of accumulated depreciation	<u>10,112,561</u>	<u>36,755,452</u>	-	<u>46,868,013</u>
Total non-current assets	<u>10,112,561</u>	<u>36,755,452</u>	<u>20,993,222</u>	<u>67,861,235</u>
Deferred outflows of resources				
Total assets and deferred outflows of resources	<u>\$16,217,788</u>	<u>\$49,914,060</u>	<u>\$ 21,241,983</u>	<u>\$87,373,831</u>
<u>Liabilities, Deferred Inflows of Resources and Net Position</u>				
Current liabilities				
Accounts payable	\$ 122,340	\$ 129,331	\$ -	\$ 251,671
Accrued payroll	6,303	8,765	-	15,068
Interest payable	7,828	63,333	71,161	142,322
Bonds payable - current	<u>-</u>	<u>-</u>	<u>505,000</u>	<u>505,000</u>
Total current liabilities	<u>136,471</u>	<u>201,429</u>	<u>576,161</u>	<u>914,061</u>
Non-current liabilities				
Other accrued liabilities	1,440	-	-	1,440
Debt service - installment payable	2,303,950	18,641,050	-	20,945,000
Compensated absences	16,578	23,666	-	40,244
Bonds payable	-	-	20,440,000	20,440,000
Unamortized bond premium	<u>-</u>	<u>-</u>	<u>511,253</u>	<u>511,253</u>
Total non-current liabilities	<u>2,321,968</u>	<u>18,664,716</u>	<u>20,951,253</u>	<u>41,937,937</u>
Deferred inflows of resources				
Total liabilities, deferred inflows of resources and net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	7,808,611	18,114,402	-	25,923,013
Unrestricted				
Board designated	1,875,647	4,631,269	-	6,506,916
Undesignated	<u>4,075,091</u>	<u>8,302,244</u>	<u>(285,431)</u>	<u>12,091,904</u>
Total net position	<u>13,759,349</u>	<u>31,047,915</u>	<u>(285,431)</u>	<u>44,521,833</u>
Total liabilities, deferred inflows of resources and net position	<u>\$16,217,788</u>	<u>\$49,914,060</u>	<u>\$ 21,241,983</u>	<u>\$87,373,831</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds**

For the year ended June 30, 2019

	<u>Water</u> <u>fund</u>	<u>Sewer</u> <u>fund</u>	<u>Financing</u> <u>Authority</u> <u>fund</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 4,011,475	\$ 5,791,776	\$ -	\$ 9,803,251
Connection fees	175,440	203,309	-	378,749
Other	<u>153,796</u>	<u>20,425</u>	-	<u>174,221</u>
Total operating revenues	<u>4,340,711</u>	<u>6,015,510</u>	<u>-</u>	<u>10,356,221</u>
Operating expenses				
Depreciation	655,356	2,065,976	-	2,721,332
Contract services	651,455	1,016,067	-	1,667,522
Utilities	485,549	538,846	-	1,024,395
Repairs and maintenance	600,740	298,222	-	898,962
Payroll	388,194	462,425	-	850,619
Insurance	145,043	210,245	2,097	357,385
Professional fees	167,692	176,880	-	344,572
Permits and fees	43,048	60,500	-	103,548
Supplies	21,536	58,160	-	79,696
Miscellaneous	16,931	42,885	-	59,816
Chemicals	25,677	24,176	-	49,853
Telephone and communications	12,984	27,482	-	40,466
Rent	13,200	19,800	-	33,000
Contract mailings	32,405	-	-	32,405
Directors' expenses	10,403	15,259	-	25,662
Bank fees and merchant charges	22,118	1,429	-	23,547
Memberships	6,131	7,579	-	13,710
Staff training	3,526	2,461	-	5,987
Public communication	<u>5,596</u>	<u>-</u>	<u>-</u>	<u>5,596</u>
Total operating expenses	<u>3,307,584</u>	<u>5,028,392</u>	<u>2,097</u>	<u>8,338,073</u>
Operating income (loss)	<u>1,033,127</u>	<u>987,118</u>	<u>(2,097)</u>	<u>2,018,148</u>
Nonoperating revenues (expenses)				
Investment income	-	-	3,607	3,607
Loss on asset disposal	(4,996)	-	-	(4,996)
Bad debt expense	(12,293)	-	-	(12,293)
Interest expense	<u>-</u>	<u>-</u>	<u>(827,600)</u>	<u>(827,600)</u>
Total nonoperating revenues (expenses)	<u>(17,289)</u>	<u>-</u>	<u>(823,993)</u>	<u>(841,282)</u>
Operating transfers in (out)	<u>225,281</u>	<u>(501,819)</u>	<u>313,349</u>	<u>36,811</u>
Change in net position	1,241,119	485,299	(512,741)	1,213,677
Net position, beginning of year	<u>12,518,230</u>	<u>30,562,616</u>	<u>227,310</u>	<u>43,308,156</u>
Net position, end of year	<u>\$ 13,759,349</u>	<u>\$ 31,047,915</u>	<u>\$ (285,431)</u>	<u>\$ 44,521,833</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Cash Flows
Proprietary Funds**

For the year ended June 30, 2019

	Water <u>fund</u>	Sewer <u>fund</u>	Financing Authority <u>fund</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers	\$ 4,269,465	\$ 6,017,616	\$ -	\$10,287,081
Payments to vendors and suppliers	(2,352,885)	(2,660,580)	-	(5,013,465)
Payments to employees and directors	<u>(396,024)</u>	<u>(460,425)</u>	-	<u>(856,449)</u>
Net cash provided by operating activities	<u>1,520,556</u>	<u>2,896,611</u>	-	<u>4,417,167</u>
Cash flows from non-capital financing activities				
Principal payments on bonds payable	-	-	(490,000)	(490,000)
Interest payments on bonds payable	-	-	(828,431)	(828,431)
Premium on bonds	-	-	(30,487)	(30,487)
Transfers in (out)	<u>(42,969)</u>	<u>(723,569)</u>	<u>803,349</u>	<u>36,811</u>
Net cash used in non-capital financing activities	<u>(42,969)</u>	<u>(723,569)</u>	<u>(545,569)</u>	<u>(1,312,107)</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	<u>(276,870)</u>	<u>(99,430)</u>	-	<u>(376,300)</u>
Net cash used in capital and related financing activities	<u>(276,870)</u>	<u>(99,430)</u>	-	<u>(376,300)</u>
Cash flows from investing activities				
Interest income	-	-	4,438	4,438
Net cash provided by investing activities	-	-	4,438	4,438
Net increase (decrease) in cash and investments	1,200,717	2,073,612	(541,131)	2,733,198
Cash and investments, beginning of year	4,403,477	10,951,776	718,731	16,073,984
Cash and investments, end of year	<u>\$ 5,604,194</u>	<u>\$13,025,388</u>	<u>\$ 177,600</u>	<u>\$18,807,182</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 1,033,127	\$ 987,118	\$ (2,097)	\$ 2,018,148
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	655,356	2,065,976	-	2,721,332
Other	(811)	(20)	-	(831)
Change in assets and liabilities				
Accounts receivable	(71,246)	2,106	-	(69,140)
Prepaid expenses	(70,442)	(120,746)	-	(191,188)
Debt issuance costs - prepaid insurance	-	-	2,097	2,097
Accounts payable	(28,026)	(46,089)	-	(74,115)
Accrued payroll	(752)	415	-	(337)
Other accrued liabilities	25	-	-	25
Compensated absences	<u>3,325</u>	<u>7,851</u>	-	<u>11,176</u>
Net cash provided by operating activities	<u>\$ 1,520,556</u>	<u>\$ 2,896,611</u>	<u>\$ -</u>	<u>\$ 4,417,167</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Town of Discovery Bay Community Services District (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The Town of Discovery Bay Community Services District, formerly known as Discovery Bay Community Services District was formed by the residents of Discovery Bay under the authority of the Cortese-Knox Act (Gov. C. Sec. 56000). This newly formed special district was formed as a result of a petition of residents to provide services to the residents of Discovery Bay. Effective July 1, 1998, the District assumed the responsibilities, funding, and assets previously held by the dissolved Sanitation District #19. During November 1998, the residents of Discovery Bay voted to activate the latent powers of the District to include recreation; specifically, to acquire, fund, and operate a Community Center.

Effective August 13, 2003, the Local Agency Formation Commission (LAFCO) of Contra Costa County dissolved County Service Area M-8 and annexed the territory to the Town of Discovery Bay Community Services District. The District is responsible for maintaining the lighting, landscaping, and parks within Service Area M-8 of the Town of Discovery Bay.

The Town of Discovery Bay Community Services District formed an assessment district known as Ravenswood Improvement District - Discovery Bay Lighting and landscaping Zone 9 for the purpose of providing for the operation and maintenance of landscaping, parks and open space in the subdivision known as Ravenswood.

The purpose of the Town of Discovery Bay Community Services District, a multipurpose independent district, is to represent the residents of Discovery Bay in any matters covered under the California Government Code relating to a Community Services District. In addition to the purposes listed in the Government Code, the District has been ordered by LAFCO and the Board of Supervisors to perform an advisory role for the residents of Discovery Bay. This role includes, but is not limited to, advising the County in matters of land use planning, zoning, compliance, roads and streets, lighting, landscaping, parks and public safety services. The District also provides water and sewer services to the Town of Discovery Bay.

As required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

The District's financial reporting entity is composed of the following:

Primary Government:	Town of Discovery Bay Community Services District
Blended Component Unit:	Discovery Bay Public Financing Authority

In determining the financial reporting entity, the District complies with the provisions of Government Accounting Standards Board (GASB) Statements No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*.

Blended Component Units

The Town of Discovery Bay Community Services District (the District) and the Byron Bethany Irrigation District entered into a Joint Exercise of Powers Agreement dated July 1, 2012, forming the Discovery Bay Public Financing Authority (the Authority). The Authority is authorized to borrow money for the purpose of assisting the District in financing various public capital improvements and facilities. The Authority issued revenue bonds in order to fund such expenditures. The Authority is controlled by the District and has the same governing body as the District, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority have been included (termed "blended") in these financial statements in the business-type activities. The Authority does not issue separate financial statements.

Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the primary government, the District and its blended component unit. These statements include the financial activities of the overall District government, except for fiduciary activities.

Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following special revenue funds, all of which are reported as major funds:

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

<u>Fund</u>	<u>Brief description</u>
Community Center	Accounts for revenues and expenditures of acquiring, funding, and operating a community center.
Lighting and landscaping Zone 8	Accounts for revenues and expenditures related to maintenance of street lighting and landscaping facilities and services; local parks and recreation facilities and services; parkway facilities and services; and open space facilities and services Zone 8.
Lighting and landscaping Zone 9	Accounts for revenues and expenditures related to operation and maintenance of landscaping, parks and open space in the subdivision known as Ravenswood.

Proprietary Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds, all of which are reported as major funds:

<u>Fund</u>	<u>Brief description</u>
Water Fund	Accounts for the activities of providing water services to the residents of the District. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Sewer Fund	Accounts for the activities associated with operating and maintaining the District's collection and treatment of wastewater. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Financing Authority Fund	Accounts for facilitating the financing of public capital improvements and facilities for the District's water and wastewater system. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt, and billing and collection.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's operating revenues include all revenues derived from water and sewage services. The enterprise funds also recognize as operating revenue, the portion of tap fees, connection fees and impact fees intended to recover the cost of connecting new customers to the system. Operating expenses include all costs related to water and sewage services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which represent capital contributions collected for the acquisition or construction of capital assets.

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary funds follow all GASB pronouncements currently in effect as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict with GASB pronouncements.

Measurement focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

Basis of accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds utilize the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Cash and investments

For the purpose of financial reporting “cash and cash investments” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience and management’s evaluation of outstanding accounts receivable.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

Debt service installment receivable

The District and the Authority have installment sale agreements whereby the District is obligated to pay to the Authority installment payments equal to the debt service requirements of the Authority's long-term debt. The debt service installment receivable represents the amount due from the District to meet the Authority's debt service requirements, which includes principal and accrued interest.

Inventory

Inventory held in the special revenue fund is carried at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost. The District's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the statement of net position as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Buildings and improvements	7-40 years
Equipment	5-25 years
Structures and improvements	10-50 years
Treatment and collection	5-40 years
Vehicles	5 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Compensated absences

Compensated absences are accrued as earned by employees, and consist of accruals for vacation time. The District's liability for compensated absences is reported in the Statement of Net Position for governmental activities in the government-wide financial statements.

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.
- c. Unrestricted - Amounts not required to be reported in other components of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

Nonspendable - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision making authority.

Assigned - Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, District manager or their designee.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Property taxes

Property taxes and property assessments were levied January 1, 2018, assessed July 1, 2018 and were payable in two installments on December 10, 2018 and April 10, 2019. The County of Contra Costa bills and collects property taxes on behalf of the District.

Utility sales

Utility sales are billed on a monthly basis. Estimated unbilled utility revenue through June 30 has been accrued at year-end for the enterprise funds.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

Contributed capital

Effective August 13, 2003, the District recorded contributed capital to transfer funds from County Service M-8 to Lighting and landscaping Zone 8. The Lighting and landscaping Zone 8 district became the responsibility of the District on August 13, 2003. The contributed capital represents all capital assets and assets transferred to the District.

The District has received \$18,757,813 of noncash capital contributions from developers consisting of water and sewer infrastructure.

Budgetary accounting

The District does not adopt appropriated budgets. However, the District does adopt non-appropriated budgets annually, which are approved by the Board of Directors.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note A - Summary of Significant Accounting Policies (Continued)

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

New accounting pronouncements

Standards adopted

In April 2018, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District implemented the provisions of this Statement for the year ended June 30, 2019. There was no effect on net position as a result of implementation of this Statement.

Standards not yet adopted

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The District will be required to implement the provisions of this Statement for the year ended June 30, 2021. The District has not determined the effect on the financial statements.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note B - Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Cash and investments	\$ 2,113,140	\$ 18,807,182	\$ 20,920,322
Total cash and investments	<u>\$ 2,113,140</u>	<u>\$ 18,807,182</u>	<u>\$ 20,920,322</u>

At June 30, 2019, the District's total cash and investments at fair value were as follows:

Cash:	
Cash on hand	\$ 500
Deposits with financial institutions	<u>5,646,212</u>
Total cash	<u>5,646,712</u>
Investments:	
Certificate of deposit	6,782
Contra Costa County Treasurer	<u>15,266,828</u>
Total investments	<u>15,273,610</u>
Total cash and investments	<u>\$ 20,920,322</u>

Investment policy

The District maintains a cash and investment pool that is available for use by all funds except for the Lighting and landscaping fund whose investments were directed by Contra Costa County. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "cash and investments". Cash balances from all participating funds are combined and invested to the extent possible, pursuant to the Board of Directors approved Investment Policy and guidelines, and the California Government Code, Section 53600, Division 2, Chapter 4 - Financial Affairs.

California statutes authorize special districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. As specified in Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds, the primary objectives, in priority order, of the District's investment activities and of the District's investment policy shall be (1) safety,

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note B - Cash and Investments (Continued)

(2) liquidity, and (3) yield. It is the policy of the District to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600-53609 (authorized investments), 53630-53686 (deposits and collateral), and 16429.1 (Local Agency Investment Fund). The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity.

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that addresses interest rate risk, credit risk, and concentrations of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Bills, Notes, and Bonds	5 years	None	None
U.S. Government Agency obligations	5 years	None	None
California Local Agency debt	5 years	None	None
Repurchase Agreements	1 year	20%	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Bankers Acceptances	180 days	40%	30%
High Grade Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Medium Term Corporate Notes	5 years	30%	5%
Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	20%	5%
Collateralized Negotiable Instruments	5 years	15%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
Local Government Investment Pools	N/A	None	None

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note B - Cash and Investments (Continued)

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statuses pertaining to public deposits and investments.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities as necessary to provide the cash flow and liquidity needed for operations. The District's investment policy does not contain any provisions limiting interest rate risk other than what is specified in the California Government Code.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>12 months or less</u>	<u>13 - 24 months</u>	<u>25-36 months</u>	<u>37 - 48 months</u>	<u>49 - 60 months</u>	<u>More than 60 months</u>
Certificate of Deposit Contra Costa County Treasurer	\$ 6,782	\$ -	\$ 6,782	\$ -	\$ -	\$ -	\$ -
	<u>15,266,828</u>	<u>15,266,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$15,273,610</u>	<u>\$ 15,266,828</u>	<u>\$ 6,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Certificate of Deposit Contra Costa County Treasurer	\$ 6,782	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,782
	<u>15,266,828</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,266,828</u>
Total	<u>\$15,273,610</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$15,273,610</u>

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note B - Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in certain types of investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2019, the District's bank balance was \$5,942,081 and \$677,600 of that amount was insured by the Federal Deposit Insurance Corporation and collateralized as required by state law and the remaining amount of \$5,264,481 was secured by a pledge of securities by the financial institution.

Investment in Contra Costa County Treasurer

The District's investment in the Contra Costa County investment pool is managed by the Contra Costa County Treasurer and is stated at fair value or amortized cost, which approximates fair value. Cash held by the Contra Costa County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.co.contra-costa.ca.us/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits,

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note B - Cash and Investments (Continued)

adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. In accordance with applicable State laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2019, the Contra Costa County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Fair value hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District's investment in the certificate of deposit is held with a commercial bank and is classified as Level 1. The District's investment in the County of Contra Costa Treasury Pool is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of Contra Costa, which is calculated as the fair value divided by the amortized cost of the investment pool.

Note C - Accounts Receivable, Net

The accounts receivable, net balance consists of the following balances as of June 30, 2019:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Accounts receivable	\$ 81,183	\$ 486,673	\$ 14,088	\$ 581,944
Allowance for uncollectible	<u>-</u>	<u>(56,415)</u>	<u>(2,113)</u>	<u>(58,528)</u>
Accounts receivable, net	<u>\$ 81,183</u>	<u>\$ 430,258</u>	<u>\$ 11,975</u>	<u>\$ 523,416</u>

Note D - Note Receivable

The District entered into a promissory note agreement with the Hofmann Land Development Company totaling \$656,378 as of June 30, 2019 with an interest rate of 5.00%. The District will receive annual principal payments of \$131,276. The note is secured and scheduled to mature in December 2023.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note E - Interfund Transactions

Interfund transactions consist of the following:

Transfers between funds

Resources may be transferred from one District fund to another with approval. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the year ended June 30, 2019 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General fund	\$ 157,320	\$ 147,875
Community center	-	92,230
Lighting and landscaping zone 8	310,566	248,037
Lighting and landscaping zone 9	31,512	48,066
Major Proprietary Funds		
Water fund	368,625	143,344
Sewer fund	702,649	1,204,469
Financing authority	<u>1,347,813</u>	<u>1,034,464</u>
Total interfund transfers	<u>\$ 2,918,485</u>	<u>\$ 2,918,485</u>

In general, the District uses interfund transfers to:

- Transfer unrestricted revenues collected in the water and sewer fund to help finance various programs and capital projects accounted for in other funds
- Fund operations (move revenues from the funds that collect them to the funds that statute or budget requires to expend them)
- Fund interdepartmental cost reimbursement
- Fund capital projects

The effect of the interfund activity has not been eliminated from the government-wide financial statements as the amounts relate to transfers between governmental and business-type activities. The transfers have resulted from deposits made by Contra Costa County into the Sewer and Water Fund for revenues of the General Fund.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note F - Capital Assets

Capital asset activity for the year ended June 30, 2019, is as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental activities					
Nondepreciable capital assets					
Land	\$ 415,930	\$ -	\$ -	\$ -	\$ 415,930
Construction in progress	<u>-</u>	<u>131,109</u>	<u>-</u>	<u>-</u>	<u>131,109</u>
Total nondepreciable capital assets	<u>415,930</u>	<u>131,109</u>	<u>-</u>	<u>-</u>	<u>547,039</u>
Depreciable capital assets					
Equipment	293,051	45,450	-	-	338,501
Buildings and improvements	3,093,441	6,103	(63,103)	-	3,036,441
Office furniture and equipment	15,307	-	-	-	15,307
Vehicles	<u>80,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,133</u>
Total depreciable capital assets	3,481,932	51,553	(63,103)	-	3,470,382
Less accumulated depreciation	<u>(1,811,711)</u>	<u>(194,522)</u>	<u>18,427</u>	<u>-</u>	<u>(1,987,806)</u>
Net depreciable capital assets	<u>1,670,221</u>	<u>(142,969)</u>	<u>(44,676)</u>	<u>-</u>	<u>1,482,576</u>
Net capital assets	<u>\$ 2,086,151</u>	<u>\$ (11,860)</u>	<u>\$ (44,676)</u>	<u>\$ -</u>	<u>\$ 2,029,615</u>
Business-type activities					
Nondepreciable capital assets					
Land	\$ 307,000	\$ -	\$ -	\$ -	\$ 307,000
Construction in progress	<u>82,923</u>	<u>353,165</u>	<u>-</u>	<u>-</u>	<u>436,088</u>
Total nondepreciable capital assets	<u>389,923</u>	<u>353,165</u>	<u>-</u>	<u>-</u>	<u>743,088</u>
Depreciable capital assets					
Buildings and improvements	700,440	-	-	-	700,440
Treatment and collection	54,043,561	-	(51,042)	-	53,992,519
Structures and improvements	9,143,107	-	(1,191)	-	9,141,916
Equipment	868,893	14,612	(172)	-	883,333
Office equipment	105,467	8,523	(8,407)	-	105,583
Vehicles	<u>412,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,999</u>
Total depreciable capital assets	65,274,467	23,135	(60,812)	-	65,236,790
Less accumulated depreciation	<u>(16,446,349)</u>	<u>(2,721,332)</u>	<u>55,816</u>	<u>-</u>	<u>(19,111,865)</u>
Net depreciable capital assets	<u>48,828,118</u>	<u>(2,698,197)</u>	<u>(4,996)</u>	<u>-</u>	<u>46,124,925</u>
Net capital assets	<u>\$ 49,218,041</u>	<u>\$ (2,345,032)</u>	<u>\$ (4,996)</u>	<u>\$ -</u>	<u>\$ 46,868,013</u>

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note F - Capital Assets (Continued)

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental activities:

Lighting and landscaping Zone 8	\$	177,902
Lighting and landscaping Zone 9		14,510
Community center		<u>2,110</u>
Total depreciation expense - Governmental activities	\$	<u>194,522</u>

Business-type activities:

Water	\$	655,356
Sewer		<u>2,065,976</u>
Total depreciation expense - Business-type activities	\$	<u>2,721,332</u>

Note G - Long-Term Debt

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

Fund Financial Statements

The Governmental Fund Financial Statements do not include the long-term debt, as this liability is not payable in the current period. The face amount of debt issued and any premiums received are reported as other financing sources.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note G - Long-Term Debt (Continued)

Bond Issuance Costs and Premiums

For proprietary fund types, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium. With the implementation of Government Accounting Standards Board (GASB) Statement No. 65, the bond issuance costs, other than prepaid insurance, are required to be expensed in the year incurred.

Current year business-type transactions and balances

The District's debt issues and transactions are summarized below and discussed in detail thereafter:

	<u>Original Amount</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Due within one year</u>
Business-type Activity Debt						
Discovery Bay Public Financing Authority Series 2012 Enterprise Revenue Bonds	\$ 14,150,000	\$ 12,640,000	\$ -	\$ (315,000)	\$ 12,325,000	\$ 320,000
Discovery Bay Public Financing Authority Series 2017 Enterprise Revenue Bonds	8,825,000	8,795,000	-	(175,000)	8,620,000	185,000
Unamortized Premium	<u>659,405</u>	<u>541,740</u>	<u>-</u>	<u>(30,487)</u>	<u>511,253</u>	<u>-</u>
Totals	<u>\$ 23,634,405</u>	<u>\$ 21,976,740</u>	<u>\$ -</u>	<u>\$ (520,487)</u>	<u>\$ 21,456,253</u>	<u>\$ 505,000</u>

2012 Enterprise Revenue Bonds

In August 2012, the Discovery Bay Public Financing Authority issued \$14,150,000 in enterprise revenue bonds Series 2012 to finance the acquisition and construction of certain improvements to the water and wastewater systems.

Pursuant to an Installment Purchase Agreement between the Authority and the District, the District has pledged the net revenues of the District's municipal water enterprise and wastewater enterprise.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note G - Long-Term Debt (Continued)

The bonds carry coupon interest rates ranging from 1.00%-5.00% and are scheduled to mature in fiscal year 2043. Interest is payable semi-annually on December 1st and June 1st each year, while principal installments ranging from \$290,000 to \$805,000 are payable each year on December 1st.

2017 Enterprise Revenue Bonds

In April 2017, the Discovery Bay Public Financing Authority issued \$8,825,000 in enterprise revenue bonds Series 2017 to finance the costs of certain improvements to the water and wastewater systems.

Pursuant to an Installment Purchase Agreement between the Authority and the District, the District has pledged the net revenues of the District's municipal water enterprise and wastewater enterprise.

The bonds carry coupon interest rates ranging from 2.00%-5.00% and are scheduled to mature in fiscal year 2048. Interest is payable semi-annually on December 1st and June 1st each year, while principal installments ranging from \$30,000 to \$1,075,000 are payable each year on December 1st.

Annual debt service requirements for business-type debt are shown below:

<u>For the year ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 505,000	\$ 845,881
2021	520,000	827,998
2022	540,000	806,731
2023	560,000	784,665
2024	580,000	764,496
2025-2029	3,080,000	3,471,211
2030-2034	2,980,000	2,897,652
2035-2039	3,650,000	2,204,102
2040-2044	4,470,000	1,276,450
2045-2048	<u>4,060,000</u>	<u>332,800</u>
Total	<u>\$ 20,945,000</u>	<u>\$ 14,211,986</u>

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note H - Deferred Compensation Plan

Employees of the District may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is available to all full-time employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. Total employer and employee contributions to the plan during the year ended June 30, 2019 were \$24,102.

Note I - Compensated Absences

Employees accrue vacation leave based on length of service. Accumulated vacation leave is subject to maximum accruals for all employees. As of June 30, 2019, the District's accrued liability for accumulated unused vacation leave is \$54,214. Employees are paid for their accumulated unused vacation leave upon separation from service. The liability is expected to be liquidated with future resources and not with expendable available financial resources.

Note J - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; risk of loss to employees; and natural disasters. The District is a member of the Special Districts Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs for the pooling of self-insured losses to purchase excess insurance or reinsurance and to arrange for group-purchased insurance and administrative expenses. At June 30, 2019, the District participated in the property, general and auto liability, and workers' compensation programs of the SDRMA.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2019, 2018, and 2017. Liabilities of the District are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. The District considers claims insured and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2019

Note J - Risk Management (Continued)

The District is covered by the following types of insurance through the SDRMA as of June 30, 2019:

<u>Coverage</u>	<u>Limits of liability</u>
General liability	\$ 10,000,000
Public officials and employees errors	10,000,000
Elected officials personal liability	500,000
Employment practices liability	10,000,000
Employee benefits liability	10,000,000
Employee and public officials dishonesty coverage	1,000,000
Auto liability	10,000,000
Uninsured/underinsured motorists	1,000,000
Property coverage	1,000,000,000
Boiler and machinery	100,000,000
Statutory workers' compensation	Statutory

Note K - Governing Board

The powers of the District are exercised by a Board of Directors consisting of five directors each elected for a term of four years by the qualified electors within the District.

As of June 30, 2019, the members of the District's Board of Directors were as follows:

<u>Director</u>	<u>Term expires</u>
Bill Mayer	December 2020
Bill Pease	December 2020
Kevin Graves	December 2022
Robert Leete	December 2022
Bryon Gutow	December 2022

Note L - Contingencies and Commitments

The District is involved in litigation arising in the ordinary course of operations that, in the opinion of management, will not have a material effect on the financial condition of the District. In addition, the District has entered into construction and service contracts with various companies. Many of the contracts are considered fixed fee arrangements. However, work under these contracts could be discontinued at the direction of the District. Therefore, it is the opinion of management that a fixed commitment does not exist.

REQUIRED SUPPLEMENTARY INFORMATION

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Major Special Revenue Fund**

Year ended June 30, 2019

	Lighting and Landscaping Zone 8		
	Budgeted amounts <u>original/final</u>	Actual amounts	Variance with final budget positive/ (negative)
Revenues			
Contributions	\$ -	\$ 1,312,755	\$ 1,312,755
Property taxes	643,637	679,564	35,927
Other	121,000	140,539	19,539
Reimbursements	<u>20,200</u>	<u>71,301</u>	<u>51,101</u>
Total revenues	<u>784,837</u>	<u>2,204,159</u>	<u>1,419,322</u>
Expenditures			
Payroll expenses	390,000	345,813	44,187
Utilities	158,000	185,419	(27,419)
Other	115,100	133,158	(18,058)
Repairs and maintenance	107,350	128,447	(21,097)
Professional fees	5,700	18,772	(13,072)
Insurance	6,200	5,735	465
Capital outlay	<u>398,000</u>	<u>164,482</u>	<u>233,518</u>
Total expenditures	<u>1,180,350</u>	<u>981,826</u>	<u>198,524</u>
Excess (deficiency) of revenues over expenditures prior to other financing sources (uses)	<u>(395,513)</u>	<u>1,222,333</u>	<u>1,617,846</u>
Other financing sources (uses)			
Operating transfers in	-	310,566	310,566
Operating transfers out	<u>-</u>	<u>(248,037)</u>	<u>(248,037)</u>
Total other financing sources (uses)	<u>-</u>	<u>62,529</u>	<u>62,529</u>
Net change in fund balance	(395,513)	1,284,862	1,680,375
Fund balance, beginning of year	<u>551,599</u>	<u>551,599</u>	<u>-</u>
Fund balance, end of year	<u>\$ 156,086</u>	<u>\$ 1,836,461</u>	<u>\$ 1,680,375</u>

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Required Supplementary Information

June 30, 2019

The manager of the District prepares an expenditure budget annually which is approved by the Board of Directors setting forth the contemplated fiscal requirements. The District's budgets are maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted. There were no amendments to the budget during the year ended June 30, 2019. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual expenditures for capital outlay, debt service and contingencies may vary significantly from budget due to timing of such expenditures.

Working Draft

OTHER INDEPENDENT AUDITORS' REPORT

Working Draft

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Town of Discovery Bay Community Services District
Discovery Bay, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
March 6, 2020

_____, 2020

Board of Directors
**Town of Discovery Bay Community
Services District**
1800 Willow Lake Road
Discovery Bay, California 94505

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the **Town of Discovery Bay Community Services District** are described in Note A to the financial statements. The District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* as discussed in Note A to the financial statements. The application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the allowance for doubtful accounts is based on prior years' experience and management's analysis of accounts receivable. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. We did not identify any sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Accordingly, the following material adjustments were identified during the audit and recorded by management:

General Fund

- Entry of \$8,587 to adjust accounts receivable as of June 30, 2019

Water Fund

- Entry to record \$655,356 of depreciation expense as of June 30, 2019

Sewer Fund

- Entry to record \$2,065,976 of depreciation expense as of June 30, 2019

Lighting & Landscaping Zone 8

- Entry to record \$656,378 of note receivable as of June 30, 2019
- Entry to record \$177,902 of depreciation expense as of June 30, 2019
- Entry to record \$44,677 loss on asset disposals as of June 30, 2019

Lighting & Landscaping Zone 9

- Entry to record \$14,510 of depreciation expense as of June 30, 2019

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 10, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplemental information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of **Town of Discovery Bay Community Services District** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants

Working Draft

March 10, 2020

Croce, Sanguinetti, & Vander Veen, Inc.
3520 Brookside Road, Suite 141
Stockton, California 95219

This representation letter is provided in connection with your audit of the financial statements of **Town of Discovery Bay Community Services District** (the District), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 6, 2020, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 22, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of the accounting principles generally accepted in the United States of America.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
9. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government - Specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
21. We are responsible for the District's compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
22. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contract and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
27. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.
31. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
32. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
33. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Special and extraordinary items are appropriately classified and reported, if applicable.
39. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
41. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
42. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
43. With respect to the Management's Discussion and Analysis (MD&A) and the Budgetary Comparison Schedule - Major Special Revenue Fund (budget to actual report) -
 - a. We acknowledge our responsibility for presenting the MD&A and the budget to actual report in accordance with U.S. GAAP and we believe that the MD&A and the budget to actual report, including form and content, are fairly presented in accordance with U.S. GAAP. The methods and measurement and presentation of the MD&A and the budget to actual report have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the MD&A and the budget to actual report is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and auditors' report thereon.

44. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
45. We have informed you of all claims or assessments made against the District by the California Regional Water Quality Control Board.
46. In regards to preparing the standard, adjusting, or correcting journal entries, assisting in preparing the financial statements and the preparation of the Special Districts Financial Transactions Report by you, we have -
 1. Assumed all management responsibilities.
 2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 3. Evaluated the adequacy and results of the services performed.
 4. Accepted responsibility for the result of the services.
47. The adjusting journal entries for the period ended June 30, 2019, which have been proposed by you, are approved by us and will be recorded on the books of the District.

Signed _____
District Financial Manager

Signed _____
District General Manager



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 18, 2020

Prepared By: Bill Engelman, Parks & Landscape Manager
Submitted By: Michael R. Davies, General Manager *MRD*

Agenda Title

Discussion and Possible Action to Authorize the General Manager to Purchase Playground Equipment for Ravenswood Park in an Amount Not to Exceed \$98,853.90.

Recommended Action

Approve the purchase of Landscape Structures playground equipment from Ross Recreation (design #1142685-01-01). Authorize the General Manager to execute all purchase documents between the Town of Discovery Bay CSD and Ross Recreation in the amount of \$98,853.90, including tax and fees.

Executive Summary

In June 2019, the board approved the adoption of the District's budget for the fiscal year 2019-20. In this budget, Lighting and Landscaping Zone 9 included a capital improvement project to replace the Ravenswood play structure that was in disrepair.

Staff has sourced three playground equipment dealers to present their nautical themed projects incorporating shade structures and which maximized the current space, including multiple play options. The three dealers are as follows:

1. Little Tikes (Playworks) \$54,673
2. Playworld (Dave Bang) N/A
3. Landscape Structures (Ross Recreation) \$98,853.90

Ravenswood Park has significant use from the residents of zone 9 and it requires play structures that are durable, easily maintained, and that add value to the community. Staff proposed Ross Recreation's play structure for a cost of \$98,853.90 to the Parks and Recreation Committee on March 4, 2020. Though Ross Recreation's proposed play structure is more expensive than the other proposals, it was decided their products were more durable, reliable, easy to maintain, and more aesthetically pleasing. This proposal met and exceeded the criteria outlined by the District. The Park and recreation Committee's recommendation is to move forward with the Ross Recreation equipment purchase.

Upon approval of this purchase, staff will order the structure from Ross Recreation. The lead time on delivery is approximately four weeks. Once the order is placed and delivery of the structure is confirmed, an RFP will be written and submitted for the assembly and installation of these play structures at Ravenswood Park.

Tonight, staff is requesting authorization to purchase the Ross Recreation Equipment for a total of \$98,853.90

Previous Relevant Board Actions for This Item

N/A

Attachments

3D rendering of proposed play structure

AGENDA ITEM: F-1



Ravenswood Park

1142685-01-01-01 • 01.23.2020



Recreation Equipment

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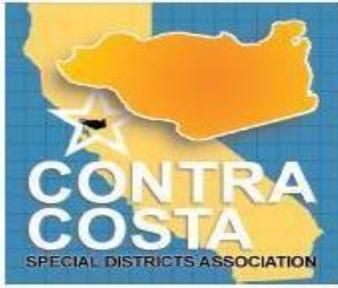
Ravenswood Park

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Recreation Equipment

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Quarterly Meeting Minutes

1.27.2020	Meeting Time: 10:00 a.m.	Central Contra Costa Sanitary District Multi-Purpose Room 1250 Springbrook Road Walnut Creek, CA 94597
Meeting called by	Chair Stan Caldwell called meeting to order at 10:14 a.m.	
Minutes	Suzette Crayton Executive Assistant	
Attendees	Twenty-Nine (29) Attendees (Sign-In Sheet Attached)	

Welcome and Introductions

Welcome and introductions took place. Al Miller of Stege thanked Central San for hosting, Mike McGill made special mention of a couple of reports Central San is generating.

Approval of October 21, 2019 Meeting Minutes

The minutes were approved with a few suggested changes; meeting minutes updated and re-sent to the membership in their approved form.

Speaker – Supervisor Federal Glover: Countywide updates

Federal Glover spoke about a number of bills. AB109, returning low offenders back into County services was one in particular. He also touched on the new county building, transportation services availability, talked about Mental Health Services that are available, and that there is consideration to ferry service to Antioch, Hercules, and other waterfront cities in order to help with traffic congestion. He talked somewhat extensively about this Northern Waterfront Initiative, in which several cities were joining together to market business opportunities along the delta regions. He spoke about Measure J on the upcoming ballot which focuses efforts on transit services throughout the County. ADHOC meeting being held on what the public would like to see happening in the County/Cities as far as business generation. He also touched on and reminded the membership about the Census, www.cococensus.org.

Annual Business Meeting

The Annual Business Meeting took place which included Election of Officers by the Nominating Committee for which Mike McGill Chaired. Stan Caldwell was nominated as President, Susan Morgan was nominated as Vice-President, and there was no nomination for Member at Large but McGill stated that Chad Davisson would be willing to serve in that capacity. The nomination would be as a representative of Reclamation District 830. Committee recommendation was as stated: Motion moved to nominate Caldwell for President and it was seconded, and therefore passed. Motion moved to nominate Morgan for Vice-President and it was seconded, and therefore passed. Motion moved to nominate Davisson for Member at Large and it was seconded, and therefore passed. McGill stated his appreciation for all those elected and agreeing to serve.

Caldwell announced that members are needed to help out on Program Committee and if interested, to see Morgan. The Executive Committee re-appointed Bert Michalczyk as Treasurer since it is not an elected position. The Executive Committee also re-appointed Suzette Crayton as Administrative Support person, which is also not an elected position.

Discussion and Vote on changing meeting schedule

Morgan spoke about the proposed meeting change frequency and the reasoning behind it. She also mentioned a few other minor administrative changes in the By-Laws that were suggested and sent out via an email to the membership before the meeting. By an 11-2 vote, it was approved to have meetings bi-monthly instead of quarterly, and the By-Laws will be updated to reflect this change. A motion was made to accept the By-Laws as a whole with the meeting frequency and other minor changes suggested, and the motion passed for approval.

Contra Costa Treasurer Oversight Committee Report

Central San Director of Finance and Administration Phil Leiber was appointed as Primary and Steve Smith of East Contra Costa Fire Protection District was named as alternate. Caldwell will be stepping down to allow others to serve.

Finance Report

Caldwell summarized the Finance Report based on what was previously sent to the membership, in Michalczyk's absence.

LAFCO Representative Report

McGill reported that LAFCO had an open half-time Executive Assistant Clerk position open and the information was on the website. He also touched on the CAL-LAFCo meeting and stated CAL-LAFCo received the Most Effective Commission Award. He was elected as CAL-LAFCo Chair and stated to let Lou Ann Teixeira know by March 6th who your voting delegate is for LAFCo. There will be an election on April 17th and with a total of 23 Districts, the majority vote for candidates of the 23 Districts will be elected.

Legislative Committee Report

Caldwell provided a brief summary in Emily Barnett's absence.

California Special Districts Association Activities

Caldwell stated that there will be an election for President of the CSDA Board.

Other Local Government Updates

It was announced that Contra Costa Water District appointed a new General Manager, Steve Welch. He will be asked to attend a future meeting to meet the members.

Meeting was adjourned at 11:39 a.m. and next meeting is on Monday, March 16th at Central San Headquarters Office Building located at 5019 Imhoff Place in Martinez